

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 26 May 2017</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
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**Quorum: 3 (to include 2 voting members)**

## **Membership**

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr John Lamb  
Angela O'Donoghue  
Myroulla West

Chairman  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex County Council  
Thurrock Council  
Southend Borough Council  
Further Education/ Skills representative  
Higher Education representative

**For information about the meeting please ask for:**

**Lisa Siggins**  
**(Secretary to the Board)**  
[lisa.siggins@essex.gov.uk](mailto:lisa.siggins@essex.gov.uk)  
**Tel: 03330134594**

## Meeting Information

All meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at High House Production Park, Purfleet. A map and directions to can be found <http://hhpp.org.uk/contact/directions-to-high-house-production-park>

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Secretary to the Board before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Secretary to the Board before the meeting takes place. For any further information contact the Secretary to the Board.

The agenda is also available on the Essex County Council website

## Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

		<b>Pages</b>
<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Declarations of Interest</b> To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>3</b>	<b>Minutes</b>	<b>5 - 10</b>
<b>4</b>	<b>Assurance Framework Implementation Update and SELEP Grant Offer Letter 2017</b>	<b>11 - 28</b>
<b>5</b>	<b>Ashford Spurs LGF funding decision</b>	<b>29 - 50</b>
<b>6</b>	<b>Sussex Downs College 3rd Phase of refurbishment of Science Facilities at the Lewes Campus</b>	<b>51 - 56</b>
<b>7</b>	<b>Technical and Professional Skills Centre at Stansted</b>	<b>57 - 64</b>
<b>8</b>	<b>Basildon Integrated Transport Package Tranche 2 LGF funding decision</b>	<b>65 - 70</b>
<b>9</b>	<b>Harlow Enterprise Zone</b>	<b>71 - 78</b>
<b>10</b>	<b>Capital Programme Management of the Local Growth Fund</b>	<b>79 - 114</b>
<b>11</b>	<b>Growing Places Fund update</b>	<b>115 - 128</b>
<b>12</b>	<b>Provisional Revenue Outturn 2017-18</b>	<b>129 - 136</b>
<b>13</b>	<b>Specific Grants 2017 - 18</b>	<b>137 - 144</b>
<b>14</b>	<b>Date of Next Meeting</b> To note that the next meeting of the Board will be held on Friday 22nd September.	
<b>15</b>	<b>Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

## **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

### **16 Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

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**Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 31 March 2017**

**Present:**

Geoff Miles	Chairman
Cllr Graham Butland	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	FE & Skills (FEDEC)
Myroulla West	Higher Education representative

**ALSO PRESENT****Having signed the attendance book**

Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Steven Bishop	Steer Davies Gleave
Adam Bryan	SELEP
Dominic Collins	Essex County Council
Richard Dawson	East Sussex County Council
Sunny Ee	Medway District Council
Katherine Harvey	Shepway District Council
Ben Hook	East Sussex County Council
Stephanie Mitchener	Essex County Council
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Ann Osola	Thurrock Council
Lisa Siggins	Essex County Council
Paul Turner	Essex County Council

**1 Welcome and Apologies for Absence**

Apologies were received from Councillor Kevin Bentley. Councillor Graham Butland was acting as his substitute at the meeting.

**2 Minutes**

The Minutes of the meeting held on 24 February were agreed as a correct record and signed by the Chairman.

**3 Declarations of Interest**

None were made.

**4 A13 Widening LGF award**

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to seek Board approval for the award of Local Growth Fund (LGF) to the A13 Widening project (the Project) in Thurrock, subject to Government Minister Approval.

The Board were advised that the final Government approval is expected imminently.

**Resolved**

**To Approve** the award of £66.1million LGF to the A13 Widening to support the delivery of the Project, as set out in the Business Case, subject to Central Government Minister Approval.

**5 Devonshire Park LGF funding decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the Devonshire Park Business Case which has been through the Independent Technical Evaluator (ITE) process to enable £5m funding to be devolved to East Sussex County Council for scheme delivery.

**Resolved**

**To Approve** the allocation of £5m LGF to Devonshire Park Quarter Re-development Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with a medium to high certainty of achieving this.

**6 Kent Sustainable Interventions Programme LGF funding decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the Kent Sustainable Interventions Project which has been through the Independent Technical Evaluator (ITE) process to enable £500,000 Local Growth Fund (LGF) to be devolved to Kent County Council for scheme delivery.

**Resolved**

**To Approve** the allocation of £500,000 LGF to Kent Sustainable Interventions Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with low to medium certainty of achieving this.

## 7 **Capital Programme Management of the Local Growth Fund**

The Board received a report and presentation from Rhiannon Mort providing an update on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

Rhiannon gave details of the net slippage and how the risk is being managed.

During discussion it was suggested that underspends should be reinvested to incorporate additional projects in the Growth Deal programme or used as contingency funds. Rhiannon confirmed that this was in fact incorporated within the new assurance framework.

It was further suggested that once projects are completed, the sharing of information should be encouraged. This should include reasons for both under and overspends and enable retrospective updates to be provided to the Board.

Councillor Glazier pointed out that North Bexhill Access Road as referred to in 5.5 in the Report will not in fact be completed until Spring 2018.

### **Resolved**

1. **To Agree** the total LGF slippage from 2016/17 to 2017/18 of £19.078m (excluding Department for Transport retained schemes), as follows (see Appendix 1 for project breakdown):

- 1.1 £7.736m net slippage for projects in East Sussex
- 1.2 £2.356m net slippage for projects in Essex
- 1.3 £4.843m net slippage for projects in Kent
- 1.4 £1.133m net slippage for projects in Medway
- 1.5 £0.200m net slippage for projects in Southend
- 1.6 £5.215m net slippage for projects in Thurrock
- 1.7 £0.065m net slippage for Capital Skills projects

2. **To Agree** the total LGF slippage from 2016/17 to 2017/18 of £0.973m net slippage for Department for Transport retained schemes (see Appendix 1 for project breakdown)

3. **To Approve** the acceleration of LGF spend in 2016/17 for:

- 3.1 Strood Town Centre Journey Time Improvements by £0.520m; and
- 3.2 Medway Cycle Action Plan by £0.150m.

**4 To Agree** the proposed measures to mitigate LGF slippage, as set out in Table 3

**5 To Agree** the use of Option 4 and 5 mitigation (as set out in section 4 of the report) for any further slippages of LGF spend which occur to the end of 2016/17.

**6 To Agree** the planned LGF spend in 2017/18 of £115.179m excluding DfT retained schemes and £145.943m, including retained scheme, subject to SELEP receiving sufficient funding from Government in 2017/18 as per the amount indicated in the provisional funding profile, set out in Table 4.

**7 To Note** the planned LGF spend for future years of the LGF programme, as set out in Appendix 2.

**8 To Approve** the combining of the Hastings and Bexhill Junction Capacity Improvement Package and Hastings and Bexhill Walking and Cycling Package.

## **8 Skills Capital Programme Update**

The Board received a report from Louise Aitken providing an update on the latest position of the Skills Capital Programme, further to the update provided in February and to seek approval for slippage to the next financial year.

Councillor Butland asked the Board to note his appreciation of the cooperation of Alison Andreas in respect of STEM training at Braintree College, Colchester Institute (5.2 of the report).

### **Resolved**

1.1 **To Note** the updated spend forecast for 2016/17;

1.2. **To Note** the project delivery and risk assessment, as set out in paragraph 5;

1.3. **To Note** the progress of Employability and Skills business cases within Local Growth Deal Round 3, as set out in paragraph 3.6.

1.4. **To Approve** the slippage of funds as set out in paragraph 5, to the next financial year in the event that any college is not able to fully spend their grant allocation but has clear commitments in place to do so

1.5. **To Approve** slippage of the remaining uncommitted skills funding at 31st March 2017, up to a maximum of £79,900, to the next financial year for South Downs College, Refurbishment of Laboratory space project, (subject to the approval of the Board of a full Business Case in May 2017).

## **9 Growing Places Fund update**

The Board received a report from Rhiannon Mort providing an update on the latest position of the Growing Places Fund (GPF) Capital Programme.

### **Resolved**

**1 To note** the updated position on the Growing Places Fund programme.

**2 To Approve** the amended Growing Places Fund loan repayment schedule for the following projects in East Sussex as set out in the report, namely;



- 2.1 North Queensway; and
- 2.2 Priory Quarter

#### 10 **Finance Update – SELEP Core Budget**

The Board received a report from Suzanne Bennett which presented the Secretariat budget for 2017/18 for approval.

The Board discussed the fairness in the allocation of funding and stressed that SELEP must continue to lobby the Government to ensure that a fair allocation is received.

#### **Resolved**

**To approve** the SELEP Secretariat revenue budget as at Table 1 of the report.

**Agreed** that a further letter be sent to the Government in this respect and that talks would be had with the LEP network to enable there to be a joint effort and “louder voice” in the lobbying.

#### 11 **Assurance Framework Implementation Update**

The Board received a report from Adam Bryan, the purpose of which was to make them aware of progress made by the SELEP executive team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This follows on from the presentation provided to the SELEP Strategic Board on 3rd March 2017.

The Board discussed the issue of how European funding monies are spent within the SELEP region. It was **Agreed** that the possibility of requesting representatives from the relevant organisations such as DWP and ESIF Committee, to attend either an Accountability Board or Strategic Board meeting to report on this issue, be looked into.

#### **Resolved**

1 **To note** both progress to date and that progress reports will be prepared for the following Board meetings until such point as the changes are fully implemented. The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented;

2 **To approve** that the Board papers, minutes and Forward Plan, as defined in paragraph 3.2.1 of the report is made available on partner websites; and

3 **To recommend** for ratification at the next Strategic Board that any paid Strategic Board member expenses are made publically available, via the website.

#### 12 **Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 26 May 2017.

There being no urgent business the meeting closed at 11 am

**Chairman**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>17<sup>th</sup> May 2017</b>
<b>Title of report:</b>	Assurance Framework Implementation Update and SELEP Grant Offer Letter 2017
<b>Report by:</b>	Adam Bryan, Managing Director
<b>Enquiries to:</b>	adam.bryan@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of:
- 1.1.1 The award of project change flexibilities within SELEP's Grant Offer Letter 2017/18 received from the Department for Communities and Local Government; and
  - 1.1.2 The progress which has been made by the SELEP executive team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the presentation provided to the SELEP Strategic Board on 3<sup>rd</sup> March 2017 and the subsequent update to the Accountability Board on 31<sup>st</sup> March 2017. *The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the Local Growth Funding that the Assurance Framework is being implemented.*

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the award of Local Growth Fund project change flexibilities as stated within SELEP's Grant Offer Letter 2017 from the Department for Communities and Local Government.
  - 2.1.2 **Note** the progress to date in implementing the 2017 SELEP Assurance Framework.

## 3. Local Growth Fund Programme Flexibilities – Background

- 3.1 During the early stages of SELEP's development and in advance of the necessary Governance arrangements being in place, Central Government

decided to retain its authority to approve all changes to the SELEP Local Growth Fund (LGF) programme.

- 3.2 In practice, this meant that all project change including, but not limited to, changes to project scope and total LGF funding allocations required prior approval from Government, before the change could be implemented.
- 3.3 To provide confidence to Government Departments and local partners that decisions about LGF project changes are taken by SELEP in a clear, effective and transparent manner, a SELEP Project Change Request Process was established and implemented during 2016.
- 3.4 During 2016/17, through the LGF Capital Programme reporting, Board members have been made aware of project changes to the LGF programme.
- 3.5 This project change information has been collated through local partner completion of a standard Project Change Request template, as attached in Appendix 2.
- 3.6 The SELEP Assurance Framework states that the following types of project change necessitate a decision from the Board:
  - 3.6.1 Cancellation of a project that is included in the agreed Local Growth Plan;
  - 3.6.2 Inclusion of a project not included in the agreed Local Growth Plan;
  - 3.6.3 Moving forward of a project previously programmed to start in later years;
  - 3.6.4 Delays to project start or end dates of more than six months;
  - 3.6.5 All changes to LGF allocations above the 10% threshold;
  - 3.6.6 Any re-profiling of LGF between financial years; and
  - 3.6.7 Any changes to total project costs above a 30% or a £500,000 threshold; and
  - 3.6.8 Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE
- 3.7 Where the change does not necessitate a decision from the Board then the change can be agreed at a local level through Federated Boards and the Accountability Board is notified of this change.
- 3.8 These programme management working arrangements have been agreed through the SELEP Assurance Framework and as part of the conditions of the Service Level Agreement with local partners, under which LGF is transferred.
- 3.9 Under the conditions of the 2015/16 and 2016/17 Grant Offer Letters from Government, all project changes required approval from Central Government.

- 3.10 In light of these more robust LGF programme governance arrangements having been implemented and through the evidence provided at the Annual Conversation with Senior Government Officers on the 1<sup>st</sup> December 2016 of effective LGF programme delivery to date, additional project change flexibilities have been awarded to SELEP by DCLG.

#### **4. Local Growth Fund Project Change Flexibilities – Grant Offer Letter**

- 4.1 SELEP’s Grant Offer Letter for 2017 has now been awarded by Central Government. This letter confirms the LGF allocation for 2017/18, the LGF future year indicative profile, Growth Hub funding, Core Funding and the requirements for spend of LGF. A copy of the Grant Offer Letter is attached in Appendix 1.

- 4.2 In relation to the project change flexibilities, the Grant Offer Letter states:

*“This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes”.*

- 4.3 The letter continues to state:

*“We have been satisfied as a result of your annual conversation that you are making good progress with delivering your Growth Deal. At the same time I must remind you that future allocations will remain subject to the outcome of future annual conversations, which will focus on progress with Growth Deal delivery over the duration of the programme”.*

- 4.4 The removed requirement for Central Government to approve all project change is welcome news. This stands testament to the substantial progress which has been made by SELEP and local partners to ensure that the necessary Governance arrangements are in place and being effectively implemented through compliance with the National and SELEP Assurance Framework.

- 4.5 These programme ‘privileges’ awarded to SELEP will enable local partners to more quickly instigate and seek approval for project changes, subject to Board approval as set out in paragraph 3.6 above.

- 4.6 To ensure that programme privileges are implemented in a transparent manner, which is compliant with our Assurance Framework, the Board will continue to be made aware of all project changes and presented with all changes which necessitate Board approval (as set out in paragraph 3.6).

#### **5. Assurance Framework Implementation Update**

- 5.1 It is a requirement of Government that the SELEP agrees and implements an Assurance Framework that meets the revised standards set out in the LEP

National Assurance Framework.

- 5.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively. The expectation is that the practices and standards necessary to provide Government and local partners with assurance that decisions over funding are proper, transparent, and deliver value for money are fully implemented.
- 5.3 Whilst the majority of the requirements of the Assurance Framework are fully embedded in the activities of the SELEP executive team, Strategic Board, Accountability Board, Federated Area and local partners, an Assurance Framework Implementation Plan has been developed to ensure that any gaps are being addressed.
- 5.4 Table 1 below provides a summary version of work required to implement the new Assurance Framework for SELEP.
- 5.5 A verbal update will be provided on 26<sup>th</sup> May to reflect any further progress. It is currently planned that the SELEP team will report on progress to all 2017 Accountability Board meetings (inclusive of this one) until all outstanding actions are complete, with the intention that all required changes will be fully implemented as soon as possible.

**Table 1 SELEP Assurance Framework Implementation Plan progress update**

<b>Requirement</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Status</b>
SELEP secretariat to work with Federal Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	High	Ongoing
Refresh of Assurance Framework to be a standing item to the last Strategic Board meeting of each calendar year.	SELEP	Low	Planned
Each group requested to ensure that the terms of reference has been updated to reflect the requirements of the Assurance Framework.	Federated Board / Working Groups	Medium	Ongoing
A best practice review undertaken annually as part of the review of the Assurance Framework.	SELEP	Low	Planned
Appoint an additional strategic board member from the Social Enterprise group that is to be	SELEP	Medium	Underway

established.			
Federated Boards to determine and evidence own recruitment process for membership.	Federated Board	Medium	Part completed
Federated Boards will publish their meeting details and minutes on either their own or SELEP's website	Federated Board / SELEP	Medium	Ongoing
Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	Medium	Ongoing
The standard business case template includes space for promoters to explain how work is within Equality Act 2010.	SELEP	Medium	Drafted
A section to be added to the website to address issues of governance, for example: the policy for public questions; conflicts of interest; communications and complaints to the LEP	SELEP	High	Ongoing
A link to Accountability Board papers to be available for all upper tier authorities	SELEP	High	Completed
All key decisions are published on the Forward Plan and available on the SELEP and upper tier authorities websites	SELEP	High	Ongoing
Draft minutes of all meetings are publicly available on SELEP website no more than 10 days after the meeting	SELEP	Medium	Ongoing
Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	Medium	Not started
All members of Strategic or Accountability Board are required to complete a Declaration of Interest form	SELEP / Board Members	High	Completed
Declaration of Interest forms to be	SELEP	High	Planned

published on website			
All declarations of interest reviewed annually	SELEP	High	Planned
Declaration of interest to be noted from outset of each meeting	Board Members	High	Complete
A section is to be included in the standard business case template for promoters to set out how they will maximise social value.	SELEP	Medium	Ongoing
Accountability Board reports where funding is sought or changes are to be agreed will include a reporting table to confirm requirements are met.	SELEP	Medium	Ongoing
The phasing of investments will be reflected in report templates for funding requests to Accountability Board.	SELEP	Medium	Ongoing
A process for implementing the prioritisation methodology will be agreed by the Strategic Board	SELEP	Very High	Ongoing
Any pan-LEP priority projects will be reviewed by the Strategic Board	SELEP	Medium	Ongoing
Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board	SELEP / Federated Areas	High	In development
A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	Very High	Ongoing
All Strategic Outline Business Cases will use the Business Case Template	Federated Area	High	Completed
The business case template to include confirmation of approval by the Federal Board.	SELEP	High	Ongoing
The Gate 2 Outline Business Case for the project will be published on the SELEP website when it is submitted to the Secretariat	SELEP / Federated Areas	High	Ongoing



Projects completing a Gate 4 and 5 review, the full business case will be published at least one month in advance of the Accountability Board meeting	SELEP / Federated Areas	High	Ongoing
Value for money section to be reflected in the standard reporting template for Accountability Report funding approvals and changes.	SELEP	High	Ongoing
SELEP will identify a named individual with overall responsibility for ensuring value for money for all projects and programmes.	SELEP	Medium	Complete – Acc Board Chairman
SELEP will identify a named individual (which may be a different person) responsible for scrutiny of and recommendations relating to each business case	SELEP	Medium	Complete – Acc Board Chairman role
The business case template to be amended to include confirmation of assurances from the Section 151 officer of the promoting authority that Value for Money is true and accurate.	SELEP	High	Ongoing
A copy of the Change Request Template is available on the SELEP website	SELEP	Medium	Complete

### **3. Accountable Body Comments**

- 3.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 3.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 3.3 The successful completion of the action plan set out above will ensure that all requirements of the Assurance Framework are implemented.

### **4. Financial Implications (Accountable Body Comments)**

4.1 Government has advised in its Grant Offer Letter (Appendix 1) that the use of all Local Growth Funding will need to fulfil the following requirements:

4.1.1 It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.

4.1.2 It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.

4.1.3 That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.

4.1.4 You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.

4.2 The implementation plan set out above is intended to demonstrate that the requirements of the SELEP Assurance Framework are being fully implemented as certified by the S151 Officer of the Accountable Body to the DCLG. The 2017/18 LGF grant payment has been made on this basis and it is therefore essential that the plan is delivered in full by 28<sup>th</sup> February 2018 when the S151 Officer is expected to update the certification of implementation.

## **5. Legal Implications (Accountable Body Comments)**

6.1 None

## **6. Staffing and other resource implications**

7.1 None at present.

## **8 Equality and Diversity implications**

8.1 None at present.

## **9 List of Appendices**

9.1 Appendix 1 – SELEP Grant Offer Letter 2017/18

9.2 Appendix 2 – SELEP Change Request Template

## 10 List of Background Papers

10.1 None

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener, Head of Finance (On behalf of Margaret Lee)	18/05/17





April 2017

By email: [adam.bryan@essex.gov.uk](mailto:adam.bryan@essex.gov.uk)

Dear Adam,

### Local Growth Fund 2017-18 payment

I am writing to confirm the arrangements for Local Growth Fund (LGF) grant payments to be made in 2017-18 by the Department for Communities and Local Government ('DCLG') to Essex County Council ('the Council') as the accountable body for South East LEP.

A LGF capital grant payment of **£92,088,396** will be made to the Council on 11 April and should reach the Council's bank account **on or around 18 April 2017**. This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes.

As standard, we will seek final approval from HM Treasury for payment of 2017-18 awards through the section 31 grant process. This approval, which is routine process and required under the terms of the relevant legislation, is expected at the start of the financial year and should allow awards to be paid in April.

11 April Payment (£)	Future Indicative (£)		
2017-18	2018-19	2019-20	2020-21
<b>92,088,396</b>	<b>91,738,956</b>	<b>54,914,715</b>	<b>77,873,075</b>

### Local Growth Funding paid by the Department for Transport (LEPs with tail or portfolio schemes only)

Please note that this grant and the indicative forward profiles set out in this letter do not include the funding for the following LGF portfolio transport schemes. Grant arrangements for those schemes are dealt with directly by the Department for Transport.

- A13 Widening (Delivery)
- TGSE Roads – A127 Corridor: A127 Pinch Point; A127 Route Management; A127 Kent Elms; A127 Bell; Bridge and Highway Maintenance

### The Annual Conversation

Thank you for your participation in the annual conversation process which took place between November 2016 and January 2017. This is important for assuring all concerned that Growth Deal delivery is progressing well and that the LGF is securing value for money. As a two way conversation we gathered useful feedback through each of the meetings I hope you found it helpful and constructive.

We have been satisfied as a result of your annual conversation that you are making good progress with delivering your Growth Deal. At the same time I must remind you that future allocations will remain subject to the outcome of future annual conversations, which will focus on progress with Growth Deal delivery over the duration of the programme.

### Funding Requirements

Use of all funding will need to fulfil the following requirements:

1. It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
2. It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
3. That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
4. You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.

Councils and Combined Authorities are reminded that, as accountable bodies for their LEPs, they are responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements. This includes, for example, state aid and public procurement law. Councils and Combined Authorities are reminded that any development decisions for specific proposals must go through the normal planning process and be guided by local plans, taking into account all material considerations. Councils and Combined Authorities will be subject to their normal internal and external audit controls.

The LEP and accountable body are also reminded of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and should have regard to these requirements when apportioning LGF funding.

As set out in your original Growth Deal, we expect that the LEP and the accountable body will communicate the ongoing outcomes and outputs of their Growth Deals, ensuring that local people understand how Government money is being spent. We will now be clarifying these requirements, including emphasising in all communications that this funding originates from the Government's local growth fund. We will confirm revised expectations with you in due course. The LEP should also continue to discuss publicity opportunities for Growth Deal projects with your Government Area Lead and through the LEP Communications Leads Group.

## Skills Capital

As with all Growth Deals it is our expectation that you will fund the projects agreed with the Government at the time of the deal, in line with your proposal. Whilst we recognise there may be legitimate reasons not to proceed with some projects, it is particularly important, if this is the case, that awards originally for skills capital continue to be spent on new or extended skills projects.

All LEPs should follow the recommendations of their Post 16 area reviews when making future skills capital investment decisions, including supporting any capital requirements identified as part of the area review implementation. Where necessary, we would expect priority to be given to supporting the area reviews outcomes using the full scope of Local Growth funding to support the implementation of the area reviews.

## LEP Assurance Framework

As you know, we recently strengthened the requirements within the LEP National Assurance Framework. Your Section 151/73 officer wrote in to confirm your compliance with the revised framework. However, there is an expectation within Government that LEPs adopt a continuous improvement approach to transparency and accountability, and I ask that you commit to working with us to continue to strengthen our approach. In some cases, this will involve us approaching you and your S151/73 Officer with an indication of where further improvements are required. The LEP Network will also continue to support you with the sharing of best practice and learning amongst LEPs on assurance and transparency.

## Growth Hubs Funding 2017-18

In addition to the LGF grant detailed above, your LEP will also receive an allocation of £656,000 for 2017-2018 Growth Hub funding. This money will be managed via local authority accountable bodies and grants are issued under Section 11 of the Industrial Development Act, payable quarterly in advance. Funding will be subject to the terms and conditions detailed in the 2017-2018 grant letters issued by the Department for Business, Energy and Industrial Strategy (BEIS). Following acceptance by the accountable body of their grant offer letter the first quarterly payment can be claimed from 10 April 2017.

## LEP Core Funding

In line with last year you will be paid £500,000 LEP core funding for 2017-18. This is revenue funding and will be paid alongside 2017-18 Growth Deal funding on 11 April 2017.

I am copying this letter to the Section 151/73 officer for your accountable body and to your Government Area Lead.

Yours,



Tom Walker  
Director, Cities and Local Growth Unit





## Project Change Request

### Section A – Details

Project Name	
Lead Officer	
Lead Authority	
Date Submitted	

### Section B – Justification

Description of Change	
Reason for Making Change	
Alternative Options Considered	
Stakeholders Consulted	

### Section C - Impact

Impact on total project cost	
Impact of LGF allocation	
Impact of project delivery timescales	
Impact on project outputs	
Impact on project Value for Money	
Impact on SELEP objectives	

### Section D - To be completed by SELEP

LogasNet Number			
SELEP Project Number			
Change Request Number			
Has review of Business Case been completed?			
<b>Change agreed with SELEP:</b>	Choose an item.	<b>Date</b>	Click here to enter a date.
Comment			

SELEP LGF Change Request Template

Is Accountability Board approval required?			Choose an item.
<b>Approved by Accountability Board</b>	Choose an item.	<b>Date</b>	Click here to enter a date.
<b>Comment</b>			

---

Guidance

1. When is a change request required?

The types of scheme change to be reported include, but are not limited to:

Financial	<ul style="list-style-type: none"> <li>- Change to total LGF spend</li> <li>- Change to total cost of a project</li> <li>- Reallocation of LGF</li> </ul>
Scope	<ul style="list-style-type: none"> <li>- Change to project from original scope as agreed in Outline Business Case submitted to Government for the provisional allocation of Local Growth Fund</li> <li>- Change to project scope from Business Case approved by Accountability Board</li> <li>- Change to intended scheme benefits</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>- Change to the expected outcomes agreed in the project Business Case or as reported to Government through LOGAS net return</li> </ul>

Where LGF funding is being reallocated from one LGF project to another, then two change requests will be required. The first will reduce the LGF allocation to a project and the second will increase the LGF allocation to a project.

If you are unclear whether a change request is required or not please speak to the SELEP Capital Programme Manager.

2. Accountability Board approvals

Where a project change includes one or more of the changes listed below, then SELEP Accountability Board approval will be required automatically.

- (a) *Cancellation of a project that is included in the agreed Local Growth Plan;*
- (b) *Inclusion of a project not included in the agreed Local Growth Plan;*
- (c) *Moving forward of a project previously programmed to start in later years;*
- (d) *Delays to project start or end dates of more than six months;*
- (e) *All changes to LGF allocations above the 10% threshold;*
- (f) *Any re-profiling of LGF between financial years; and*
- (g) *Any changes to total project costs above a 30% or a £500,000 threshold; and*
- (h) *Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE.*

For other project changes where the SELEP Secretariat or Accountable Body advises that the completion of a change request is required, it will be at the discretion of the SELEP Secretariat to decide whether the change requires Accountability Board approval. SELEP Accountability Board will be made aware of all change requests as part of the LGF update.



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/95
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>4<sup>th</sup> May 2017</b>
<b>Title of report:</b>	<b>Ashford Spurs LGF funding decision</b>
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the Ashford International Rail Connectivity Project - Ashford Spurs which has been through the Independent Technical Evaluator (ITE) process to enable £4.173m funding to be devolved to Kent County Council for scheme delivery.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Approve** the remaining £4.173m LGF allocation to Ashford International Rail Connectivity Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this.

### 3. Background

- 3.1 This report brings forward the Ashford International Rail Connectivity Project (the Project) for the remaining £4.173m LGF allocation to this Project.
- 3.2 On the 16<sup>th</sup> September 2016, the Board approved an initial LGF allocation of £5.627m to the Project. This funding decision was based on an Outline Business Case and comprised of a £5m LGF Round 2 allocation to the Project and a £627,000 over-profiling of Kent County Council's LGF programme, in advance of a LGF Round 3 being allocated by Government.
- 3.3 In February 2017, the Project was awarded an additional £4.8m LGF through LGF Round 3, increasing the Project's total LGF allocation to £9.8m.
- 3.4 The total funding profile is set out in Table 1 below, as set out in the Business Case.

**Table 1 Ashford International Rail Connectivity Funding Profile\***

Funding Sources (£)	
	Total
LGF 2	5,000,000
LGF 3	4,800,000
Kent County Council & Partners	96,949
EU RoCK project*	23,051
Network Rail	580,000
<b>Total Funding</b>	<b>10,500,000</b>
*EU-funded project	

- 3.5 The initial funding award by the Board of £5.627m has enabled Kent County Council to progress the Project through Network Rail's project development phases, namely GRIP Stage 3b to 5.
- 3.6 A Full Business Case has now been developed for the Project to support the funding ask for the remaining £4.173m LGF allocation.
- 3.7 Whilst this funding allocation has not yet been fully spent, the approval of the remaining £4.173m LGF allocation to the Project at this stage will enable the Project to progress quickly once Network Rails GRIP Stage 5 has been completed.
- 3.8 The award of the remaining £4.173m LGF allocation will enable Kent County Council to enter into a legal agreement with Network Rail for the completion of GRIP 6, 7 and 8 for Project delivery.

- 3.9 Whilst Kent County Council are the promoting authority for the Project, alongside Ashford Borough Council, the Project will be delivered by Network Rail. Network Rail will also own the signalling infrastructure delivered through the completion of the Project.
- 3.10 The Project has successfully completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.11 The ITE report sets out the detailed analysis of the Project. The ITE report is included in Appendix 1, of Agenda Item 5.

#### **4. Ashford International Rail Connectivity Project – Ashford Spurs**

- 4.1 The plans of Eurostar International Ltd (referred to herein as ‘Eurostar’) to introduce new Eurostar trains have raised concerns about the future international connectivity of Ashford.
- 4.2 The existing rail signalling infrastructure at Ashford International Railway Station is currently incompatible with the new international trains set to be introduced.
- 4.3 The Project will upgrade the signalling system at Ashford International Railway Station, and will take forward the vehicle change and compatibility process to ensure the retention of international rail services to Ashford. In doing so, the project is expected to deliver the following outcomes:
- safeguard approximately 1,000 jobs in Ashford which have been located in the town to benefit from its international rail services
  - stimulate the creation of additional jobs by encouraging business location and expansion decisions based on the existence and future guarantee of the international rail service
  - stimulate housing growth aligned with the increase in employment opportunities
  - support the creation of a further education hub adjacent to the international station with courses which attract students from other European countries
  - support further economic growth in Ashford and in the wider East Kent region in line with regional planning objectives
  - indirectly help to create a town in which people want to live, work and participate in business activity
  - maintain and promote further modal shift from road or air to rail transport, providing environmental benefits and a reduction in congestion
  - continue to deliver international rail services from Ashford International for an estimated 195,000 passengers per year
- 4.4 Without the delivery of the Project, international rail services will no longer be able to serve the station, with adverse consequences for the local economy, employers, employees and residents.

4.5 The delivery of the upgrading signalling system will enable Eurostar and any future international rail operator to service Ashford International Railway Station.

4.6 Prior to 2016 timetable changes, Eurostar operated the following rail services during a typical week in the Summer:

- 41 services to and from Paris
- 14 services to and from Brussels
- 14 services to and from Disneyland; and
- 10 services to and from Marseilles\*

\*During the winter period the services to and from Marseilles are reduced to 2 each week, but the winter ski service operates 4 trains to and from Bourg-St-Maurice.

4.7 Once the Project is delivered, Eurostar commits to continue with the level of service which they were operating prior to the 2016 timetable changes.

4.8 Whilst Eurostar is currently the only operator to operate international passenger rail services from Ashford International Railway Station, as the High Speed 1 line is an 'Open Access' route, this enables other companies to operate international rail services utilising the HS1 route to and from the continent.

4.9 The term Open Access refers to the ability for different rail service operators to operate services utilising the same section of rail track.

## **5. Ashford International Railway Station Operational Risk**

5.1 Through discussions with the Department for Transport (DfT) a key risk has been highlighted in relation to the investment of LGF in this Project.

5.2 A letter was received from the DfT, dated the 30<sup>th</sup> March 2017, which sets out this risk. A copy of the letter is made available in Appendix 2 of this report. The DfT have highlighted that it is extremely rare for the public sector to fund rail upgrades which will only be used by open access rail operators. The use of significant public investment does not guarantee that the upgraded infrastructure will be used in the long term, by operators'.

5.3 Kent County Council have sought written assurances from Eurostar that should the necessary infrastructure be put in place, then Eurostar will continue to operate international rail services from Ashford International Railway Station.

5.4 A letter was received dated 3<sup>rd</sup> March 2017, by Kent County Council from Eurostar Chief Executive. This letter sets out Eurostar's intention to continue serving Ashford International Railway Station once the Project is complete. It confirms that Eurostar intends to use their e320 rolling stock through Ashford, and will look to reinstate the level of services to Paris, whilst continuing to operate between Ashford and Brussels, Disneyland Paris and the French Alps.



- 5.5 Eurostars commitment to the continued use of Ashford, is further seen by the new Track Access Agreement with Network Rail for use of Ashford International Station for a further 5 years from December 2017. This, Eurostar claims, demonstrates their longer term commitment to the running of service from Ashford.
- 5.6 Whilst there is evidence of close partnership working between Kent County Council, Eurostar and other project delivery partners, the letter from Eurostar is not legally binding. The DfT have confirmed in their letter that they hold no ability to compel Eurostar to serve Ashford International Railway Station.
- 5.7 Kent County Council is aware of this risk, which it has been working with partners to manage and reduce the likelihood of this risk materialising. However, it is Kent County Council's view that no further assurances can be provided from Eurostar at this time, above those stated in the letter from Eurostar.
- 5.8 It is intended that this risk will be managed through Kent County Council's established internal LGF project Governance arrangements.
- 5.9 The value for money case for LGF investment in the project is, however, dependent upon Eurostar services continuing to operate from Ashford International. If Eurostar do not continue to operate services from Ashford International once the new infrastructure is in place then no benefits will be delivered through the Project, unless an alternative operator were inclined to utilise this infrastructure to operate international rail services from Ashford International Railway Station.
- 5.10 The Board is therefore asked to note and consider this project risk in relation to the decision making for the award of the remaining £4.173m LGF allocation to this Project.

## **6. Outcome of ITE Review**

- 6.1 The SELEP ITE has assessed the Project Business Case through the Gate 5 process, for the review of a Full Business Case, and has recommended that the project achieves high value for money with a medium certainty of achieving this.
- 6.2 The Business Case highlights that there is low, but present risk that if Eurostar do not continue to operate services from Ashford International once the infrastructure is in place, as outlined in Section 5 above, this would have a significant downward impact on the value for money of the Project, as no benefits will be delivered if Eurostar do not service the stations once the Project is delivered. For this reason there remains some residual uncertainty around the Projects value for money.
- 6.3 Whilst no immediate benefits would be achieved if Eurostar did not continue to service Ashford International, the delivery of the Project and the management

of the HS1 route as 'Open Access' creates the opportunity for future alternative operators to operate from Ashford International Railway Station.

- 6.4 The Board is asked to consider the risk presented that Eurostar may not use the infrastructure once the necessary signalling infrastructure is in place, before determining whether or not to approve the award of the remaining LGF allocation to this Project.

## 7. Compliance with SELEP Assurance Framework

- 7.1 Table 1 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.

- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

*Table 1 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the objectives described in the Business Case align with national, sub-regional and local planning objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case sets out the expected outputs and outcomes, as identified in Section 4.3 of the report above.  The ITE review confirms that 'Green Book' principles have been adhered to in the Value for Money assessment.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review confirms that the Business Case sets out a detailed programme and governance structure for delivering the Project. A comprehensive risk register is also included within the business case.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for		A BCR has been calculated as 2.27:1, which indicates high value for money.

## 8. Financial Implications (Accountable Body Comments)

- 8.1 The value for money for this Project has been assessed over a 35 year period with a BCR which indicates high value for money; this assessment will, however, be at risk should services not continue beyond the expected 5 year period. It is advised that should the funding be approved, the implications of this risk are monitored throughout the implementation of the Project and updates provided to the board should there be detrimental changes to the BCR assessment.
- 8.2 There is an approved over-programming of the total LGF allocation in 2017/18 of just over £3m which places a risk on the total available funding required to deliver projects in this year. However, as this risk forms part of the active management of the LGF capital programme, sufficient funding is expected to be available to fund the planned spend in this financial year requested for the Project.
- 8.3 It should be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project are included in the indicative LGF programme allocations provided by Government for future years.
- 8.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

## 9. Legal Implications (Accountable Body Comments)

- 9.1 There is uncertainty around the benefits being realised should LGF be allocated to this Project. Eurostar have confirmed their commitment to using Ashford following significant investment in its infrastructure to ensure that the station is usable going forward. However, their commitment is not legally binding, and there is no intention for there to be an agreement to this effect in place. There is a 5 year Agreement with Network Rail, which allows for Eurostar's continued use of Ashford and its Infrastructure. However, SELEP are not privy to that Agreement, and therefore does not know whether it requires Eurostar to use the station or whether it simply provides that they can, should they choose to do so.

## 10. Staffing and other resource implications (Accountable Body Comments)

- 10.1 None at present.

## 11. Equality and Diversity implication

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## 12. List of Appendices

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).
- 12.2 Appendix 2 – Department for Transport letter dated 30<sup>th</sup> March 2017

## 13. List of Background Papers

- Business Case for Ashford International Rail Connectivity (Ashford Spurs)

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

Role	Date
<b>Accountable Body sign off</b>	
Lorna Norris  (On behalf of Margaret Lee)	18.05.17





Independent Technical  
Evaluator – Growth Deal  
Business Case Assessment  
(Q1 2017/18)

Accountability Board Report  
May 2017

South East Local  
Enterprise Partnership

Our ref: 22790506

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# 1 Independent Technical Evaluation of Q1 2017/18 starting Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave and SQW were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 26<sup>th</sup> May 2017 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The review provides comment on the Business Cases submitted by scheme promoters, and comment on the strength of business case, the value for money being provided by the scheme, as set out in the business case and the certainty of that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide information to the South East Local Enterprise Partnership Board to make such decisions, based on independent, technical expert, clear, and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*<sup>1</sup>, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the Homes and Communities Agency's *The Additionality Guide*. Both The Green Book, WebTAG and The Additionality Guide provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
  - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
  - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

1.8 The five cases of a government business case are, typically:

- **Strategic Case:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Case:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.

1.9 In addition to a rating for each of the five cases, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails in March, April and May 2017.

## 2 Evaluation Results

### Gate 2 Results

- 2.1 Table 2.1 below provides the results of our independent and technical evaluation of each scheme seeking funding approval on 26<sup>th</sup> May 2017 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

### Summary Findings and Considerations for the Board

- 2.2 The following list contains recommendations to the Accountability Board, including key findings from the evaluation process and any issues arising.

#### Business Case Development

- 2.3 Steer Davies Gleave's commission as independent technical evaluator includes a role to conduct 'Gate 0' discussions with scheme promoters prior to submission of the business case to offer advice on business case approach and compliance. These meetings allow early identification of any material issues within draft or preliminary business cases and have been observed to improve the quality of submissions to the formal gate review process. Scheme promoters should contact Rhiannon Mort (Capital Programme Manager) if they would like to have a 'Gate 0' discussion.
- 2.4 The following recommendations have been made and reiterated several times, but still need attention by scheme promoters and their advisors:
- Scheme promoters are often carrying out well considered **economic appraisals** to assess the value for money of the scheme. However, in order to show the resilience of the value for money, sensitivity testing is a requirement that is often overlooked, as well as inclusion of optimism bias and contingency (informed by experience and/or a quantified risk assessment).
  - In addition, as part of **economic cases**, scheme promoters are reporting the headline figures from the appraisal modelling that has been carried out, but often the appraisal spreadsheets are not being submitted. We recommend that scheme promoters provide **appraisal spreadsheets** alongside their Gate 1 submission. Providing this information any later in the process reduces the time available to resolve any issues identified.
  - The **financial case** is generally providing comprehensive information about the capital funding profile. Where appropriate, however, scheme promoters also need to demonstrate that there is a source of ongoing revenue funding which will ensure that operating, maintenance and renewals costs are covered through the life of the scheme.
  - Finally, if scheme promoters submit appendices or business cases that contain **commercially sensitive material**, we request this is made clear to Steer Davies Gleave (Independent Technical Evaluator) and Rhiannon Mort (SELEP Capital Programme Manager) to ensure that these sections are redacted before the business case is published.

## Recommendations

2.5 The following scheme achieves high value for money with high certainty of achieving this:

- **Technical and Professional Skills Centre at Stansted Airport (£3.5m):** This scheme will deliver a skills centre that provides training opportunities to meet skills gaps in STEM, aircraft maintenance engineering; operational and plant engineering; logistics; supply chain management; asset management; higher-level customer care service industries and the visitor economy. The analytical work carried out is comprehensive and has been undertaken in a robust and auditable manner, and informs a strong business case.

2.6 The following scheme achieves high value for money with medium certainty of achieving this:

- **Ashford International Rail Connectivity Project (£9.8m):** The Ashford Spurs project aims to ensure that existing and future international trains can continue to call at Ashford International Station to support the continued growth of Ashford and East Kent, and prevent damage to the local economy caused by the loss of international travel links. The analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high value for money. The Business Case highlights that there is low, but present risk that Eurostar do not continue to operate services from Ashford International once the infrastructure is in place. This would have a significant downward impact on the the value for money of the scheme. For this reason there remains some residual uncertainty around the value for money of the scheme. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding.

2.7 The following scheme achieves high value for money with low to medium certainty of achieving this:

- **Basildon Integrated Transport Package Tranche 2 (£6.4m):** The intervention involves sustainable transport enhancement which will improve connectivity between Basildon Town Centre, the Railway Station and the Enterprise Corridor. While there is nothing to suggest that the balance of risk points in either direction, we note that the BCR for the scheme is 2.0, and therefore the value for money categorisation will be very sensitive to any net downside risks<sup>2</sup>. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding for the schemes.

### Other recommendations

- **Sussex Downs College:** The college was awarded £156,400 (being 33% of the total cost) in a previous bid for the 1st and 2nd phase of the **Refurbishment of the Science Facilities at the Lewes Campus**. Following negotiations with builders and subcontractors overall costs were reduced and therefore the full funding was not required, leaving a total underspend of £79,440 of the original SELEP award. A bid for £39,514. of the underspend, to enhance the first floor laboratory (which is the 3rd phase of the programme) was submitted.

Steer Davies Gleave carried out a proportionate review of the bid. The review found that:

- the scheme has a strong strategic case;
- reasonable and robust analysis had been carried out to demonstrate value for money of the scheme; and
- sufficient evidence had been provided to assure us that the scheme is deliverable.

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<sup>2</sup> For example, assuming that the the distribution of any residual uncertainty around the central case benefit cost ratio suggests a 50% likelihood of medium value to money, and a 50% likelihood of high value for money.

- **Harlow Enterprise Zone:** This intervention is designed to support the development of the Harlow Enterprise Zone in two ways:
  - The delivery of essential enabling infrastructure to the site; and,
  - The design and construction of a 30,000 square foot of speculative office building.

The project will be funded largely by Harlow Council borrowing, with the Council taking the risk on that borrowing. Harlow Council is seeking SELEP endorsement for it to utilise the uplift in business rates accruing from the future development of the Harlow Enterprise Zone to repay the Council's borrowing.

Steer Davies Gleave carried out a Gate 1 review of the Business Case. The review found that:

- there was a **strong strategic case** for the scheme;
- a more detailed and rigorous approach to cost benefit analysis is required. This would involve:
  - evidence that **alternative options have been considered** and demonstration that there is a **strong case for discounting the alternative options**;
  - **appropriate consideration and presentation of the do minimum** scenario. The do minimum scenario should be defined and only benefits derived over and above that level of benefits should be reported to be resulting from the scheme;
  - **sensitivity testing should be carried out** to demonstrate that the value for money of the scheme is **resilient to changes in the underlying assumptions**. For example, the impact on Value for Money of a slower ramp up to full occupancy of the Enterprise Zone could be presented.
  - **accurate use of the DCLG guidance**. Currently the economic case measures the uplift between the original purchase value of the land on which the Enterprise Zone will be built and the forecast value of the development. What should be measured is just the **uplift in the value of land**. What the scheme does is change the land use which should have the effect of increasing the land value.
- there is **uncertainty in relation to infrastructure costs** and the running costs of the office building.

In light of the observations above we recommend that endorsement by SELEP for the retention of business rates be conditional upon further business case work being undertaken. This should demonstrate that the scheme provides high value for money with a reasonable level of certainty of that value for money.

Table 2.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2017/18

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Technical and Professional Skills Centre at Stansted Airport	3.5	Gate 1: Not derived	Amber	Red/ Amber	Amber	Amber	Red/ Amber	More analysis is required to demonstrate that there is local demand for the skills provided by the facility.	Insufficient quantification of the benefits has been carried out. More robust cost benefit analysis is required to demonstrate the value for money of the scheme.	The business case is clear and well considered. More evidence of demand from employers for technical and professional skills is required to give certainty that the new learner places will be taken up.
		Gate 2: 3.1	Green	Green/ Amber	Green	Green	Green/	A demand assessment report has been produced which addresses our concerns about the need for the scheme.	There is now a substantial body of evidence, both quantitative and qualitative, to demonstrate that the scheme provides high value for money.	The case has provided assurance of a strong demand for these skills in the local area which gives us greater assurance that the forecast benefits will be realised.
Ashford International Rail Connectivity Project	9.8	Gate 5: 2.86	Green	Green/ Amber	Green	Green	Green	Reasonable methodology has been employed to proportionately demonstrate the value for money of the scheme.	The methodology appears robust, but clarification of the assumptions underpinning the economic appraisal is required.	There is still some uncertainty as appraisal spreadsheets have not been provided and we cannot confirm compliance of the methodology.
		Gate 5 update: 2.27	Green	Green	Green	Green	Green	No further information is required.	Clarification of the economic appraisal assumptions has been provided. The analysis has been robustly undertaken.	Appraisal spreadsheets have been provided which has given us assurance that the scheme will provide high value for money.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Basildon ITP Tranche 2	6.4	Gate 1: Not derived	Green	Red	Amber	Amber	Green	No economic assessment of the scheme has been carried out so we cannot determine the reasonableness of the analysis.	No economic assessment of the scheme has been carried out so we cannot determine the robustness of the analysis.	No economic assessment of the scheme has been carried out. As a result there is significant uncertainty about the value for money of the scheme.
		Gate 2: 2.01	Green	Green/ Amber	Green	Green	Green	Reasonable and proportionate analysis has been carried out to demonstrate that this is a deliverable scheme which will provide high value for money.	The analysis has been robustly carried out. Relevant appraisal toolkits have been used and provided to us for compliance assurance.	Qualitative and quantitative analysis demonstrate that the scheme will provide high value for money however the BCR is 2.01:1 so the BCR VfM is particularly vulnerable to downside risks.
Harlow Enterprise Zone	N/A	Gate 1: 2.44	Green/ Amber	Red/ Amber	Amber	Amber	Amber	A more detailed and rigorous approach to cost benefit analysis is required for the project. This should demonstrate the quantified benefits of the scheme, but should also outline how the revenue costs of the facility will be covered.	The DCLG methodology has not been applied accurately. Significant work is required in relation to establishing accurate and relevant BCR, NPV and VfM calculations. In particular, the calculations need to include the value of the £14.8m loan, as this forms the basis of the request to ring-fence business rate income.	There is uncertainty in relation to infrastructure costs and the running costs of the office building, which require further investigation in order to demonstrate that the scheme is deliverable.

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30 March 2017

Dear Christian

I'm aware of the local importance in Kent placed on the continuation of international rail services at Ashford International station. I'm also aware that a signalling upgrade project is being progressed to that end, principally using the Local Growth Fund. However, I wanted to take the opportunity to highlight the unique circumstances of this proposal.

It's extremely rare for the public sector to fund rail upgrades which will only be used by open access rail operators (ie those that run services at their own commercial risk, without any government subsidy or specification). The Ashford International signalling project fits within this category, inasmuch as only Eurostar (or other potential international open access operators) would use the upgraded infrastructure.

As such, I wanted to take opportunity to highlight the possibility that significant public investment could take place, without any guarantee that the upgraded infrastructure would be used in the long term.

I am aware of several letters from Eurostar over recent years indicating their strong intention to maintain and potentially even increase their services at Ashford International. Indeed, I have seen a letter from the Eurostar Chief Executive earlier this month, confirming that they will put in place arrangements to allow the continuation of services to/from Ashford International until February 2018. The same letter confirms Eurostar's long term intentions to continue to serve Ashford International. This of course is extremely welcome and a testament to the strong working relationship between Eurostar and local stakeholders.

However, I note that such indications are not legally binding and I would like to make clear that the Department would have no ability whatsoever to compel Eurostar to operate a certain level of service, or indeed any service whatsoever.

In light of the above, I would encourage you to consider seeking more robust reassurances from Eurostar regarding their future intentions. We would of course be happy to facilitate such contact, and provide advice where this might be helpful. In the first instance any such queries about advice should be made to [james.conway@dft.gsi.gov.uk](mailto:james.conway@dft.gsi.gov.uk)

Allow me to make clear that the Department is in no way intending to intervene in local decision making in relation to LGF funding of the Ashford International project. However, I did want to take the opportunity to draw your attention to the above issues and the unique circumstances.

Finally, allow me to make clear that DfT Ministers are aware of this letter and its contents.

I am copying this letter to Cllr Matthew Balfour, Cabinet Member for Environment and Transport at Kent County Council. I am also copying this letter to Margaret Lee, Section 151 at Essex County Council, in the authority's capacity as accountable body for South East LEP.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Boucher', is centered on a light gray background.

**Anthony Boucher**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/90
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>4<sup>th</sup> May 2017</b>
<b>Title of report:</b> <b>Sussex Downs College 3<sup>rd</sup> Phase of refurbishment of Science Facilities at the Lewes Campus</b>	
<b>Report by:</b>	<b>Louise Aitken</b>
<b>Enquiries to:</b>	<a href="mailto:Louise.aitken@essex.gov.uk">Louise.aitken@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval for the award of Local Growth Fund (LGF) to Sussex Downs College 3<sup>rd</sup> Phase of refurbishment of Science Facilities at the Lewes Campus (the Project).

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Approve** the award of £39,515 LGF (Skills Capital allocation) to the 3<sup>rd</sup> Phase of refurbishment of Science Facilities in the Lewes Campus.
- 2.1.2 **Note that** the remaining skills capital underspend of £25,439 will be added to the uncommitted LGF for consideration by the Board.

## 3. Background

- 3.1 This report brings forward the Project for the award of £39,515 LGF to Sussex Downs College (the College) for the 3<sup>rd</sup> Phase of refurbishment of Science Facilities in the Lewes Campus.
- 3.2 In January 2017, the Skills Management report to the Board outlined a reduced LGF requirement resulting from cost savings to the College's Round 1 project, of £79,440.
- 3.3 The Board agreed on 20<sup>th</sup> January 2017 that the College could submit a business case to utilise the uncommitted amount for their broader project to enhance their first floor laboratory. The submission of the business case required the application being subject to an independent technical evaluation and subsequent approval by the Board.

- 3.4 Accordingly an application for £39,515 of LGF has been received and evaluated, the detail of which is set out below.
- 3.5 The balance of the funding no longer required by the College of £39,925 is considered in paragraph 8 below.

#### **4. Sussex Downs College 3<sup>rd</sup> Phase of refurbishment of Science Facilities at the Lewes Campus – The Project**

- 4.1 The original bid from the College outlined proposals to create a new Reception /Hub on the Ground Floor of the new STEM (Science, Technology, Engineering and Maths) Centre at their Lewes Campus and an alteration to the existing Science Laboratory which was inaccessible to many students. The bid stated that *‘the Lab will be raised to adjacent floor levels, providing high quality science facilities’*.
- 4.2 The College have an associated (unfunded by SELEP) project to build a first Floor Science Laboratory above the STEM Centre. The Project is for the development of the first floor laboratory (76.65 m<sup>2</sup>) enabling the third phase of refurbishment at the Lewes Campus.
- 4.3 The specialist facilities will enhance the College offer and the experience of learners seeking to work in the STEM sector. It is part of an ongoing ‘phased improvement plan’ to create a single, coherent STEM Centre that is commercially relevant to local industry standard on the Lewes Campus within the existing footprint of the building.
- 4.4 The facility is based on employer need locally and is in line with SELEP and national aspirations to increase STEM (Science, Technology, Engineering and Maths). This will support sectors such as manufacturing and engineering and also respond to a high level of demand in the health sector in East Sussex. Updating facilities will ensure they are in line with industry standards and changing technologies. Within East Sussex there are clusters of businesses requiring these skills including vacuum technologies, photonics and precision instruments.
- 4.5 The centre will offer a dynamic teaching space, assisting in the recruitment of students to STEM related subjects and specialisms. It will ensure students understand the importance of STEM in their future career pathways and have an inspiring learning environment.
- 4.6 The Project is supported by and aligned to the priorities of Skills East Sussex, which has identified STEM as a priority given current and future skills gaps and projected growth. This is also in line with the SELEP priority sectors and government’s industrial strategy in delivering technical skills.
- 4.7 The expected impacts of the scheme include:

Positive Impacts

- 76.65 m<sup>2</sup> refurbished space to industry standard
- An ambition for 'very good' BREAM rating for the overall project
- 66 additional learners per year including 26 higher and advanced apprenticeships and expansion of offering to 19-24 year olds
- Engagement with NEETs (young people not in employment, education or training)
- Introduction of Laboratory and Science Tech Apprenticeship
- Training for adult learners

#### Negative Impacts / risks

- Capability of main contractor to undertake the work and to complete within schedule
- Availability of materials in accordance with the programme
- Removal of asbestos prior to the building work starting on site

### **5. Project cost and funding contributions**

- 5.1 The total Project cost is £119,740. In line with the original application, the college are requesting 33% of total costs, at £39,515. The College will provide the remaining funding.

### **6. Independent Assessment**

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) Gate 1/2 review of the Business Cases for schemes where the Business Case is being developed or assessed by another Government Department or Statutory Body.
- 6.2 In these instances, the role of the Independent Technical Evaluator is to review the business case and provide professional advice to the Board of any key risks or issues arising from that assessment that need to be considered by the Board to support the funding decision.
- 6.3 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project.
- 6.4 Through independent assessment of the application by Steer Davies Gleave, a recommendation for approval was given.

### **7. Compliance with SELEP Assurance Framework**

- 7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

*Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The application makes clear reference to SEP priorities and within the federated model, to Skills East Sussex sector focus.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case defines the expected skills and job outputs/outcomes of the project in terms of: i) adult and young learners, ii) apprenticeships, iii) technical and higher level skills and iv) clear employer need and growth.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review has confirmed that risks and mitigating factors have been clearly considered and a risk register is in place.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The business case has been assessed on the basis of skills outputs (refurbished learning space, learners and apprenticeships) and illustrates value for money.

## **8. Financial Implications (Accountable Body Comments)**

- 8.1 Approval of the 3<sup>rd</sup> Phase of refurbishment of Science Facilities in the Lewes Campus at the College would leave a balance of £39,925 of the original LGF Skills Capital allocation to the College of £159,000 that is no longer required.
- 8.2 Taking into account the existing over-commitment of the overall skills LGF programme of £14,486, the outstanding balance for allocation to other projects will be £25,439
- 8.3 It is noted that the outstanding balance, given the relatively low value is considered for reallocation as part of the wider uncommitted LFG programme, the process for which is expected to be considered by the Board at a subsequent meeting.

## **9. Legal Implications (Accountable Body Comments)**

9.1 The Local Growth Funding to support the delivery of the 3<sup>rd</sup> Phase of refurbishment of Science Facilities by the College, will be transferred to the College under a grant agreement with the Accountable Body.

**10. Staffing and other resource implications (Accountable Body Comments)**

10.1 None at present.

**11. Equality and Diversity implications (Accountable Body Comments)**

11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

11.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**12. List of Appendices**

12.1 Appendix 1 - Report of the Independent Technical Evaluator (see appendix 1 Agenda Item 5).

**13. List of Background Papers**

16.1 Business case submitted by Sussex Downs College

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris (On behalf of Margaret Lee)	16.05.2017





<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/91
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>4<sup>th</sup> May 2017</b>
<b>Title of report:</b>	<b>Technical and Professional Skills Centre at Stansted Airport</b>
<b>Report by:</b>	<b>Louise Aitken</b>
<b>Enquiries to:</b>	<a href="mailto:Louise.aitken@essex.gov.uk">Louise.aitken@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval for the award of £3.5m of Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of the Technical and Professional Skills Centre at Stansted Airport.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £3.5m LGF to the Technical and Professional Skills Centre at Stansted Airport as set out in the Business Case which has been assessed as presenting high value for money with high certainty of achieving this.

## 3. Background

- 3.1 This report brings forward the Project for the award of £3.5m LGF to support the delivery of a Technical and Professional Skills Centre at Stansted Airport.
- 3.2 The South East Local Enterprise Partnership (SELEP) Growth Deal provisionally allocated funding to the Project. This was made up of an LGF allocation of £3.5m alongside £3.5m investment from Essex County Council, £3m gift of land from Manchester Airport Group and £480,000 equipment from Harlow College capital expenditure. The £3.5m LGF is required to complete the financial investment required to build a Technical and Professional Skills Centre at Stansted Airport by September 2018.
- 3.3 The Project has completed the development stage and approval is now sought from the Board for the funding required to complete the delivery phase of the Project.

The Project is being promoted and delivered by Harlow College and has the support of the CEO of Stansted Airport and Essex County Council, through £3.5 million contribution to the overall project.

#### **4. Technical and Professional Skills Centre – The Project**

- 4.1 Stansted is the fastest growing airport in south East England. With this growth, the major functions and career opportunities at the airport will require skills for:
- Engineering and aerospace
  - Business, logistics and finance
  - Hospitality and services industry
- 4.2 Harlow College and Stansted Airport (part of the Manchester Airport Group) are already strategic partners for the delivery of work experience and apprenticeship pipeline programmes. Harlow College also has an existing partnership with Anglia Ruskin University through the University Centre Harlow. Harlow College is well placed to deliver the skills required for growth in terms of location, expertise and existing partnerships.
- 4.3 The centre will provide training to meet current and future skills gaps (specifically science, technology, engineering, maths or STEM), aircraft maintenance and engineering; operational and plan engineering, logistics, supply chain management; higher level customer care service industries and the visitor economy. It will also address growing skills needs of the Airport, including the M11 Corridor and Harlow Enterprise Zone.
- 4.4 The centre will focus particularly on pre-apprenticeship study programmes, apprenticeships and higher level qualifications, bridging acknowledged technical gaps from level 3 to 5. This is in line with LEP and national aspirations for employer led technical and apprenticeship growth.
- 4.5 Employer demand and support has been established by Harlow College and Anglia Ruskin University and curriculum models are being established with businesses such as Ryanair, Stansted Engineering and Harrods Aviation supporting pathways into engineering. The Project will enable employers at the airport to recruit young people and adults with appropriate levels of skills to commence work.
- 4.6 The proposed site for the centre at the airport has already been identified and a feasibility study is underway. The site is easily accessible to students and well linked to local public transport. Manchester Airport Group has submitted planning approval for the site and the Leader of Uttlesford Council has indicated strong public support for the project, as is reflected on the Uttlesford Council website. In the event of any issues with the feasibility study or planning permission resulting in closure of the project, any necessary return of funding will be covered within the Grant Agreement with Harlow College and Essex County Council.

#### 4.7 The expected impacts of the scheme include:

##### Positive Impacts

- Technical and Professional Skills Centre by September 2018
- 350 learners per year by July 2019 (75 apprenticeships)
- 500 learners per year from July 2020 (150 apprenticeships)
- Progression to employment or higher level training from July 2019 – 95%
- Clear support and complementing of related projects including Harlow Town Centre regeneration, Crossrail developments and highways projects including M11 junctions 8, 7 and 7a, linking to A120 expansion and the A414 improvement scheme.

##### Negative Impacts

- There will be temporary disturbance, primarily to airport travellers using the long stay carpark related to construction of the centre. Disruption will be kept to an absolute minimum as Stansted Airport has been involved in planning the project from the outset.
- There will be increased traffic on the Stansted Road Network including the M11 during the construction phase. Construction traffic will likely be negligible in comparison to usual traffic volumes. The following extract from the construction management plan details how construction traffic will be managed:

*'Construction traffic shall enter and leave the site via Round Coppice Road. To reduce the number of heavy construction vehicles travelling through the local area, all contractors will be required to stipulate the approved construction movement route in all of their tenders and contracts to all material suppliers, sub-contractors and labour. They will also be asked to require their suppliers and sub-contractors to provide method statements regarding how this will be relayed to their workforce, with evidence on how this is communicated. The contractor will engage with the Local Authorities regarding the possibility of providing temporary advance directional signage on the approach from strategic roads to guide incoming vehicles. WDC (the contractors) will monitor, observe and record vehicle movements passing into site during the development and offer this information to the Local Authorities on request, including the number, time and type of vehicle moving into the site as well as providing an independent check on the observance of the agreed vehicle routes.'*

## 5. Project cost and funding contributions

5.1 Following detailed design and tender, the total Project cost is £10.480m.

5.2 In addition to the LGF allocation to the Project, there are also £6.980m funding contributions from Essex County Council, Harlow College and Manchester Airport Group as set out in Table 1 below.

Table 1 Project Funding Sources

Source	Total	Description
Essex County Council	£3,500,000	Match funding
Manchester Airport Group	£3,000,000	Land gift
Harlow College	£480,000	Equipment capital expenditure
LGF	£3,500,000	LGF sought to complete project
	<b>£10,480,000</b>	

## 6. SELEP ITE Gate 2 Review

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) review of the Business Cases for schemes seeking LGF funding.
- 6.2 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project with a high certainty of achieving this.
- 6.3 The ITE review of this Business Case has recommended approval for this project and notes that the case is clear and well considered. The ITE report notes that queries in response to their Gate 1 review have been provided and demonstrate that the need for the scheme was based on a lack of supply and significant demand for the skills provided by the facility.
- 6.4 For the full ITE Accountability report, see Appendix 1 of Agenda item 5.

## 7. Compliance with SELEP Assurance Framework

- 7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

*Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes that broader strategic fit is addressed and links to SELEP Strategic Economic Plan (SEP) and other sub-regional economic plans. The report notes that the economic demand for the facility is clearly demonstrated but links to sub-regional and national skills policy could be strengthened. SELEP Secretariat can confirm clear alignment to the strategic and sector focus of the SEP and national industrial strategy
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The Business Case defines the expected skills and job outputs/outcomes of the project in terms of: i) adult and young learners, ii) apprenticeships, iii) technical and higher level skills and iv) clear employer need and growth.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review states that the case includes detailed identification of risks and describes actions undertaken / planned to mitigate them.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The BCR, taking into consideration optimism bias and discounted factors, equate to 3.1: 1. The ITE report states that the case has clearly demonstrated that the scheme will provide good value for money with a high level of certainty around that value for money.

## **8. Financial Implications (Accountable Body Comments)**

- 8.1 There is an approved over-programming of the total LGF allocation in 2017/18 of just over £3m which places a risk on the total available funding required to deliver projects in this year. However, as this risk forms part of the active management of the LGF capital programme, sufficient funding is expected to be available to fund the planned spend in this financial year requested for the

Project.

- 8.2 It should be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project are included in the indicative LGF programme allocations provided by Government for future years.
- 8.3 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

**9. Legal Implications (Accountable Body Comments)**

- 9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLA's currently in place.

**10. Staffing and other resource implications (Accountable Body Comments)**

- 10.1 None at present.

**11. Equality and Diversity implications (Accountable Body Comments)**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**12. List of Appendices**

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (see Agenda Item 4).

### 13. List of Background Papers

#### 13.1 Business Case for Technical and Professional Skills Centre at Stansted Airport

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris  (On behalf of Margaret Lee)	18.05.2017





<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/93
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>5<sup>th</sup> May 2017</b>
<b>Title of report: Basildon Integrated Transport Package Tranche 2 LGF funding decision</b>	
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for Basildon Integrated Transport Tranche 2 Package (Project) which has been through the Independent Technical Evaluator (ITE) process to enable £6.4m funding to be devolved to Essex County Council for scheme delivery.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Approve** the £6.4m LGF allocation to Basildon Integrated Transport Package Tranche 2 Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with low to medium certainty of achieving.

## 3. Background

- 3.1 This report brings forward the Basildon Integrated Transport Package Tranche 2 (the Project) for the £6.4m LGF allocation to this project.
- 3.2 In total, the Basildon Integrated Transport Package is allocated £9m LGF.
- 3.3 Business Cases are being brought forward in stages with the Tranche 1 Business Case having been approved in March 2015 and the LGF allocation to Tranche 1 having been fully spent.

**Table 1 Basildon Integrated Transport Package Funding**

<b>Basildon Integrated Transport Package Local Growth Fund allocation (£m)</b>							
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
Tranche 1	1.546						<b>1.546</b>
Tranche 2				2.800	3.100	0.500	<b>6.400</b>
Tranche 3						1.054	<b>1.054</b>
<b>Total</b>	<b>1.546</b>	<b>0.000</b>	<b>0.000</b>	<b>2.800</b>	<b>3.100</b>	<b>1.554</b>	<b>9.000</b>

<b>Basildon Integrated Transport Package Tranche 2 Funding Sources (£m)</b>							
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
SELEP Request - Town Centre/Cycling				1.000	3.000	0.500	<b>4.500</b>
ECC Contribution - Town Centre/Cycling		0.075	0.400	0.552	0.500	0.400	<b>1.927</b>
SELEP Request - Endeavour Drive				1.800	0.100		<b>1.900</b>
ECC Contribution - Endeavour Drive		0.025	0.300	0.021			<b>0.346</b>
<b>Total SELEP Request</b>				<b>2.800</b>	<b>3.100</b>	<b>0.500</b>	<b>6.400</b>
<b>Total ECC Contribution</b>		<b>0.100</b>	<b>0.700</b>	<b>0.573</b>	<b>0.500</b>	<b>0.400</b>	<b>2.273</b>
<b>Total</b>		<b>0.100</b>	<b>0.700</b>	<b>3.373</b>	<b>3.600</b>	<b>0.900</b>	<b>8.673</b>

- 3.4 A Business Case will be developed for Tranche 3 to utilise the remaining £1.054m LGF allocation to the Project and will be considered at a future Board meeting.
- 3.5 A Business Case has been prepared for the Tranche 2 Project which has completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.6 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

#### **4. Basildon Integrated Transport Package Tranche 2**

- 4.1 In 2015, LGF was allocated to Tranche 1 of the Basildon Integrated Transport Package which has delivered a scalable package of sustainable transport schemes providing bus, rail, cycling and walking improvements within Basildon Borough area. Tranche 2 of the Basildon Integrated Transport Package will now deliver further complementary improvements; delivering additional benefits to those achieved though the Tranche 1 works.
- 4.2 The overall scheme is pivotal to the successful delivery of the Basildon Town Centre Masterplan; to deliver significant improvements to regenerate the town centre and which will provide 130 new homes, 1,500m<sup>2</sup> new commercial floorspace and a minimum of 96 new direct jobs.
- 4.3 The Tranche 2 Project consists of three packages of work:

- Town Centre Highway Improvements
- Cycling Schemes; and
- Endeavour Drive Bus Link

- 4.4 The Town Centre Highway Improvements involve changes to the Bus Station layout, the creation of a two-way traffic flow on Cherrydown East, and modifications to the associated junctions around the station. The aim is to make the operation of the Bus Station more efficient and tie it in directly with the Railway Station to create a 'Transit Mall'.
- 4.5 Public realm improvements will also be delivered to enhance the station entrance, provide additional cycle storage for rail commuters and to link the relocated South Essex College to the town centre. To improve traffic flows around the town centre, changes are also proposed to the wider road network at key locations.
- 4.6 The Cycling Schemes will improve cycle links into the town centre, to the nationally recognised Basildon Sporting Village, Basildon Enterprise Corridor to the north and the hospital to the south west. It will complete the missing links to provide joined-up cycling access to the town centre from each major housing development within the town centre, the hospital, the major sporting facilities and the employment areas in the Enterprise Corridor.
- 4.7 The Endeavour Drive Bus Link will provide a new bus link, including provision for cycling and walking, from businesses on Endeavour Drive and the Enterprise Corridor, through the adjacent Retail Park and onward to the outlying districts of Rayleigh and Wickford.
- 4.8 The intended positive outcomes to be achieved through the delivery of the Tranche 2 Project include:
- Net journey time savings
  - Increased bus patronage
  - Increased levels of cycling and walking
  - More cycle storage
  - Improved connectivity between the town centre, rail and bus stations, business park and leisure facilities.
  - Supports the delivery of 234 direct jobs, 1,603 indirect jobs, 1,800 safeguarded jobs and 1,032 new homes.
- 4.9 A slight adverse impact is expected on car journey times within central Basildon as a result of the Project, however, the benefits of the project are expected to outweigh this potential adverse impact.

## **5. Outcome of ITE Review**

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money with a low to medium certainty of achieving this.

- 5.2 Whilst the Project has a high Benefit Cost Ratio (BCR) of 2.01:1, the Project's BCR score is on the threshold between presenting medium VfM and demonstrating high VfM, as a score below 2.0:1 is categorised a medium VfM.
- 5.3 As the Project is at the threshold between presenting medium and high value for money, the ITE has assessed the Business Case as presenting low to medium certainty of high value for money being achieved.
- 5.4 Whilst no specific risks have been highlighted which will reduce the BCR value for the Project, the value for money will be particularly sensitive to changes in cost and/or the expected benefits which may materialise through the delivery of the Project.
- 5.5 Through the management of the LGF capital programme any variations to the Project cost and/or expected project benefits will be monitored. If there is a change to the Project which may detrimentally impact on the Project's value for money case, the Project's Business Case will be reviewed and a further decision may be sought from the Board.

## 6. Compliance with SELEP Assurance Framework

- 6.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

*Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the business case provides information on how the scheme aligns with national, subnational and local policy
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The information provided in the report above sets out the expected outputs and anticipated outcomes to be delivered through the Project.  The ITE review confirms that 'Green Book' principles have been adhered to.
Considers deliverability and risks appropriately,		The ITE review confirms that the Business Case includes a risk register

along with appropriate mitigating action (the costs of which must be clearly understood)		and project programme and detailed wider governance organogram, to set out the Project governance structure.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 2.01:1, which indicated high value for money. Whilst the BCR is at the threshold between medium and high value for money, a decision to approve the Project based on a BCR value of 2.01:1 is compliant with the requirements of the Assurance Framework.

## **7. Financial Implications (Accountable Body comments)**

- 7.1 There is an approved over-programming of the total LGF allocation in 2017/18 of just over £3m which places a risk on the total available funding required to deliver projects in this year. However, as this is forms part of the active management of the LGF capital programme, sufficient funding is expected to be available to fund the planned spend in this financial year requested for the Project.
- 7.2 It should also be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project are included in the indicative LGF programme allocations provided by Government for future years.
- 7.3 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

## **8. Legal Implications (Accountable Body comments)**

- 8.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLA's currently in place.

## **9. Staffing and other resource implications (Accountable Body comments)**

- 9.1 None at present.

## **10. Equality and Diversity implication**

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## 11. List of Appendices

11.1 Appendix A - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

## 12. List of Background Papers

- Business Case for Basildon Integrated Transport Package Phase 2

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  (On behalf of Margaret Lee)	18.05.2017

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/94
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>15<sup>th</sup> May 2017</b>
<b>Title of report:</b>	<b>Harlow Enterprise Zone</b>
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## **1. Purpose of report**

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the progress which has been made in developing the Business Case for Phase 1 of investment at Harlow Enterprise Zone (the Project) and to endorse the completion of specific investment activities at the Enterprise Zone, as detailed in section 6 of this report, in advance of the Project having completed the Independent Technical Evaluator (ITE) process.
- 1.2 Once a robust Business Case has been produced, which has successfully completed the ITE process, recommendations will be made to the Board on the Phase 1 Project's value for money, for the Board to consider the approval of the Phase 1 Project.

## **2. Recommendations**

- 2.1 The Board is asked to:
- 2.1.1 **Endorse** the completion of specific investment activities at Harlow Enterprise Zone, as set out in section 6 below, in advance of the Business Case being developed for the Phase 1 Project.

### **3. Background**

- 3.1 When Harlow Enterprise Zone was granted Enterprise Zone status in 2011 by the Department for Communities and Local Government (DCLG), the following arrangements were included specifically for Harlow Enterprise Zone;
  - i) The value of the uplift in Business Rates accruing from activity in the Enterprise Zone was to be passed to SELEP for a 25 year period; and
  - ii) Harlow Council would not receive a rebate from central Government for any business rate discounts offered as incentives to businesses locating in the EZ, unlike all other Enterprise Zones in England.
- 3.2 These unique arrangements mean that the Business Rate uplift could be invested anywhere within the SELEP area. However, it was agreed with SELEP (Executive Group meeting, September 2013) that Harlow should be “no worse off” through delivering an Enterprise Zone. This means that Harlow Council should have access to the business rate uplift it would have secured through the normal flexibilities available to local authorities.
- 3.3 At the SELEP Strategic Board meeting on the 24<sup>th</sup> June 2016, the Strategic Board agreed that the business rate uplift could be retained by Harlow Enterprise Zone, up to the value of £73.15m, to support the delivery of specific infrastructure projects at the site which are required to enable the development of the Enterprise Zone.
- 3.4 The previous decision taken by the Strategic Board will enable Harlow Enterprise Zone to take out a loan to fund packages of investment at the Enterprise Zone site. It is intended that the loan investment will then be repaid through the uplift in Business Rates retained by the Enterprise Zone.
- 3.5 At Harlow Council’s Cabinet meeting on the 23<sup>rd</sup> February the Council agreed to the borrowing of up to £4m to complete the infrastructure works at the London Road North site of the Harlow Enterprise Zone and agreed in principle to undertake borrowing up to £10m to develop and construct an office building at the London Road site of the Harlow Enterprise Zone.
- 3.6 The risk associated with a failure to make the loan repayments using the Business Rate retention uplift sits with Harlow Council.
- 3.7 Whilst there is no upfront investment cost being sought from SELEP, there is an opportunity cost associated with the previous decision taken by the Strategic Board to enable Harlow Enterprise Zone to retain its projected uplift in business rates to make loan repayments.
- 3.8 As part of the decision by the Strategic Board it was, however, agreed that a Business Case should be developed for each package of investment and which should be subject to an Independent Technical Evaluation (ITE), to provide assurance that the packages of investment will deliver value for money.



- 3.9 A robust Business Case is required for each investment made by Harlow Enterprise Zone through borrowing against the future business rate uplift, to ensure that the investment presents high value for money for use of public funds.
- 3.10 Whilst the intention is for the Enterprise Zone to utilise up to £73.15m of projected uplift in business rate retention, the investments will come forward in phases.
- 3.11 Progress has been made in developing the Business Case for the £15.8m Phase 1 Project. However, further work is required to develop a robust value for money appraisal for the investment and to strengthen other sections of the Business Case.
- 3.12 The outcome of the ITE review to date is set out in Section 5 below. The ITE have completed an initial (Gate 1) review of the Business Case, but given the level of information currently made available in the Business Case the ITE are not in a position to assure the Project's Value for Money at this point in time.
- 3.13 In advance of a robust Business Case being completed for the Project, it is recommended that the Board **endorse** the Project based on the information currently made available in the Business Case and the completion of specific investment activities, as set out in section 6 below.
- 3.14 Once a robust Business Case has been developed for the Phase 1 Project, an update will be provided to the Board, including the outcome of the value for money assessment.
- 3.15 Should the Project fail to demonstrate value for money, it is not intended that SELEP will withdraw its endorsement of the Project, but the Board will be asked to take into account the value for money case, when considering the enforcement of further investment at the Enterprise Zone.
- 3.16 The consideration of this Project by the Board in advance of a robust Business Case having been developed and ITE assurance of value for money having been provided is unique. An exception is being sought for the Project as there is no upfront funding request from SELEP, such as with Local Growth Fund.
- 3.17 The Board may decide to defer its decision to endorse all aspects of the Phase 1 Project until a robust Business Case has been developed and ITE recommendations have been provided on the Project's value for money. This would, however, impact upon the Project's delivery timescales.

#### **4. Harlow Enterprise Zone Phase 1**

- 4.1 The long term development proposal at Harlow Enterprise Zone is for the delivery of new commercial space to create up to 5,000 new jobs and to act as a catalyst for generation in the town.
- 4.2 The Enterprise Zone development is split across three sites; Templefields, the former Nortel Campus and land at London Road North.
- 4.3 Phase 1 of the Project brings forward development at the 25 acres London Road North site.
- 4.4 The aims of the Phase 1 Project are to create a new Science Park in Harlow focussed on the Life Science, ICT and Advanced Manufacturing sectors. A 25 acre greenfield site of disused playing fields, will be transformed into high quality, attractively landscaped business accommodation at the heart of the London Stansted Cambridge Corridor.
- 4.5 The specific objectives are to: -
- Provide a fully serviced 25 acre site by summer 2018 with access roads, utilities, approved masterplan and landscape plan with the potential to provide space for businesses to create 2,400 jobs.
  - Completion of a 30,000 square foot multi-tenanted office building with on-site café and meeting room facilities, by summer 2018.
- 4.6 To enable these objectives to be achieved, infrastructure investment is required to deliver essential site enabling infrastructure, including;
- A spine road north-south through the site;
  - An upgrade to the Harlow Primary electricity substation at Howard Way and the delivery of an 8.2 MVA power supply to the Science Park site with on-site cabling and construction of nine sub-stations;
  - Disconnection of existing supplies to the site and re-provision of separate power supplies to Newhall Cottages;
  - A new gas supply to the site sufficient for the scale of development;
  - A new water supply to the site sufficient for the scale of development;
  - Surface water drainage;
  - Fibre optic cable throughout the site from both BT and Virgin Media to enable superfast broadband, as well as ducting to enable supplies from other carriers.
  - Landscape design for the Science Park; and
  - Detailed design and project management of all of the above.
- 4.7 In addition, the Phase 1 Project will also include the design and construction of a 30,000 square foot speculative office building to act as a pump priming development for the site and to create immediate space on the Science Park for small and medium sized businesses.

- 4.8 The total cost of the Phase 1 Project, for the site enabling works and the construction of 30,000ft<sup>2</sup> amounts to £15.8m. Of this amount, £1.8m will be funded through a DCLG Enterprise Zones Capital Grant fund, awarded directly to Harlow Enterprise Zone.
- 4.9 It is intended that the remaining £14m will be funded through a loan taken out by Harlow Council, which will be repaid through the projected future year uplift in Business Rates at the Enterprise Zone.

## 5. Outcome of ITE Initial Review

- 5.1 The SELEP ITE has carried out a Gate 1 review of the Business Case. The review found that there was a strong strategic case for the scheme. However, a more rigorous approach to the cost benefit analysis is required.
- 5.2 Feedback has been provided to the scheme promoter and summary of this feedback is included in Appendix 1.
- 5.3 SELEP ITE, SELEP Secretariat and Essex County Council will work with Harlow Enterprise Zone to support the submission of a robust Business Case for Gate 2 review and for consideration by the Board at a future meeting.

## 6. Activities to be progressed in advance of Business Case approval

- 6.1 Table 1 below provides details of the activities which will be completed in advance of the Business Case having been approved by the Board.
- 6.2 These activities relate to the Phase 1 investment at Harlow Enterprise Zone, as set out in Section 4 above.

**Table 1 List of specific investment activities as part of Phase 1 to be completed in advance of Business Case approval**

Timescale	Activity
End of May 2017	Completion of ground investigation surveys
Early June 2017	Completion of outline design for Anglia Ruskin University (ARU) Med Tech Innovation Centre and Plot G buildings*
16 <sup>th</sup> June	Receipt of infrastructure tenders
22 <sup>nd</sup> July	Decision on appointment of infrastructure contractor by Harlow Council Cabinet
End July	Achieve Certificate of LDO Compliance for ARU and Plot G buildings
August	Commence on site with infrastructure works
Early September	Completion of detailed design on ARU and Plot G buildings

<b>Timescale</b>	<b>Activity</b>
End September	Finalisation of cost packages for each building
October	Finalisation of construction packages for ARU and Plot G buildings
November	Commence works on site for ARU and Plot G buildings
December	Completion of off-site utility infrastructure (UKPN)

\*Part of the commercial space to be delivered at the Enterprise Zone as part of Phase 1.

- 6.3 In addition, endorsement is also sought to progress with the land purchase required to develop the Enterprise Zone. This involved two parcels of land.
- 6.4 The first land acquisition is for the purchase of a 2 acre site required to enable the completion of the first phase of Harlow Enterprise Zone development. The land was retained by the original landowner with an option for the Council to acquire from 2020, but Harlow Council is now in negotiation to bring this forward to this year.
- 6.5 The second land purchase is for a larger 10 acre site. This second site, which is within the area of the approved Masterplan for the Harlow Science Park, is required to support Phase 2 development at the Enterprise Zone. The scope of Phase 2 work has not been defined in the draft Business Case, but it will add the capacity for a further 250,000 square feet of commercial space.
- 6.6 The infrastructure design work and the current infrastructure works tender includes both the Phase 1 development site and the additional 10 acre site, to enable this future expansion.
- 6.7 Land acquisition negotiations are underway with the landowner as it would generate significant savings if the infrastructure works could be completed across both sites as part of the same contract.

## **7. Compliance with SELEP Assurance Framework**

- 7.1 Whilst there is no upfront investment being made by SELEP, the Board is asked to endorse the infrastructure investment to be repaid through future business rates from the Enterprise Zone, which under the conditions of the Enterprise Zone being established are available to SELEP.
- 7.2 As such, a more detailed Business Case will be developed for Phase 1 and future phases of development at the Enterprise Zone to ensure the Project's compliance with the value for money requirements of the Assurance Framework.

## **8. Financial Implications (Accountable Body Comments)**

- 8.1 There are no specific financial impacts for the SELEP arising from this report.
- 8.2 As referenced above, the Strategic Board meeting of the 24<sup>th</sup> June 2016, agreed that business rate uplifts generated by the Harlow Enterprise Zone could be retained by Harlow Council to support the delivery of specific infrastructure projects at the site, up to the value of £73.15m.
- 8.3 The total cost of the Phase 1 Project, as set out in 4.8 above, will be £15.8m. £1.8m of the cost is to be funded from DCLG Enterprise Zone Capital Grant funding awarded directly to Harlow Council in 2014/15. The balance of £14m is to be funded through borrowing by Harlow Council, on the basis that this will be repaid entirely by the additional business rates generated from the Enterprise Zone. Harlow Council's Cabinet has been advised that due diligence has been undertaken as far as it can to ensure that the business rate increases will cover the total loan amount required. Any risks associated with a failure to attract the required business rates or to maintain the loan repayments sit with Harlow Council.

## **9. Legal Implications (Accountable Body Comments)**

- 9.1 No legal implications

## **10. Staffing and other resource implications (Accountable Body Comments)**

- 10.1 None at present.

## **11. Equality and Diversity implication**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**12. List of Appendices**

12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

**13. List of Background Papers**

- Business Case for Harlow Enterprise Zone Phase 1

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener, Head of Finance  (On behalf of Margaret Lee)	  18/05/17

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/97
<b>Date of Accountability Board Meeting:</b>	26 <sup>th</sup> May 2017
<b>Date of report:</b>	7 <sup>th</sup> May 2017
<b>Title of report:</b>	Capital Programme Management of the Local Growth Fund
<b>Report by</b>	Rhiannon Mort, SELEP Capital Programme Manager
<b>Enquiries to</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 To update the SELEP Accountability Board (the Board) on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the updated LGF spend forecast for 2017/18
  - 2.1.2 **Note** the project delivery and risk assessment
  - 2.1.3 **Approve** the acceleration of LGF spend in 2017/18 for Technical and Professional Skills Centre at Stansted Airport by £600,000
  - 2.1.4 **Approve** the updated spend profile for Basildon Integrated Transport Package, as set out in Table 2.
  - 2.1.5 **Approve** the increase in LGF spend in 2017/18 for A28 Sturry Link Road by £43,000.
  - 2.1.6 **Approve** the increase in LGF spend in 2017/18 for Thurrock Cycle Network by £15,000.

## 3. 2016/17 financial update

- 3.1 On the 31<sup>st</sup> March, the Board was presented with the final planned spend position for 2016/17 amounting to £76.932m excluding Department for Transport (DfT) 'retained' schemes, and £83.459m including retained schemes.
- 3.2 Furthermore, the Board was asked to approve the slippage of £19.078m LGF spend from 2016/17 to 2017/18 (excluding DfT retained schemes).
- 3.3 The latest updated reporting indicates that further slippage of LGF between 2016/17 and 2017/18 results in total slippage of £22.627m.

- 3.4 The total slippage takes into account the £25.097m variance between the planned spend and the revised provisional outturn total spend in 2016/17, as shown in Table 1 below, net of the £2.47m over-profiling in 2016/17 which was agreed by the Board at the outset of 2016/17.
- 3.5 This total amount of LGF slippage from 2016/17 to 2017/18 presents a slippage of 23.6% of the LGF available to spend in 2016/17. This is based on £96.009m LGF being available to spend in 2016/17 and a total LGF slippage from 2016/17 of £22.627m.
- 3.6 The additional £3.549m LGF slippage in 2016/17 which has been identified since the last Board meeting will be added to the respective projects' allocation in 2017/18, with the exception of Ashford International Rail Connectivity Project and A226 London Road/B255 St Clements Way.
- 3.7 For these two projects, spend of the additional slippage will be deferred until 2018/19, as sufficient LGF has been identified for these projects in their 2017/18 LGF allocation to meet planned spend during this financial year. This will reprofile a total of £513,000 LGF from 2016/17 to 2018/19 in relation to these projects (£471,000 Ashford International Rail Connectivity and £42,000 A226 London Road/ B255 St Clements Way).

**Table 1 LGF spend in 2016/17 (£m)**

	<b>Total Planned Spend in 2016/17  (as at Q1 2016/17)</b>	<b>Total Provisional Actual Spend in 2016/17  (as reported in April 2017)</b>	<b>Variance *</b>
East Sussex	17.547	9.506	-8.041
Essex	10.366	8.010	-2.356
Kent	34.670	26.622	-8.048
Medway	5.768	4.633	-1.135
Southend	5.102	4.902	-0.200
Thurrock	12.950	7.731	-5.219
<i>Skills</i>	12.077	11.980	-0.097
			0.000
<b>LGF Sub-Total</b>	<b>98.480</b>	<b>73.383</b>	<b>-25.097</b>
Retained	7.500	6.527	-0.973
<b>Total Spend Forecast</b>	<b>105.980</b>	<b>79.910</b>	<b>-26.070</b>

\*Variance is the difference between the planned LGF spend in 2016/17 as at Q1 2016/17 and the forecast LGF spend in 2016/17 as reported in April 2017.



3.8 Local Authority Statements of Accounts are currently being prepared and each local authority is now required to provide a declaration of LGF spend in 2016/17. In turn SELEP will provide a final Statement of Grant Usage to Government by the 29<sup>th</sup> July.

3.9 The final LGF spend position will be reported to the Board at the next meeting in September 2017.

**4. 2017/18 and future years LGF spend profile**

4.1 SELEP’s 2017/18 Grant Offer Letter has now been received and is attached in Appendix 3 of this report.

4.2 The Grant Offer Letter confirms SELEP’s grant amount to be paid in 2017/18 and the provisional LGF allocation for future years of the Growth Deal.

**Table 2 LGF Allocation Indicative Profile from Government\***

Confirmed allocation LGF (£)	Future Indicative LGF (£)		
	2018/19	2019/20	2020/21
2017/18	2018/19	2019/20	2020/21
92,088,396	91,738,956	54,914,715	77,873,075

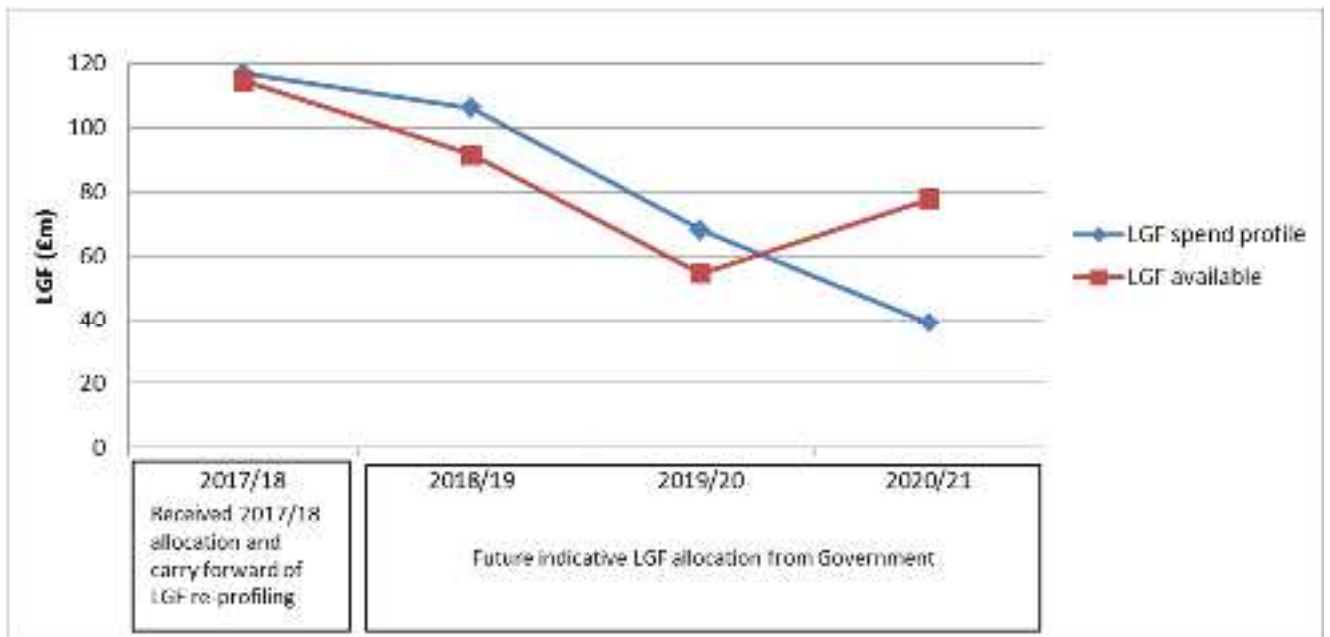
\*Excluding retained schemes

The 2017/18 LGF funding allocation and indicative future years LGF allocation profile included in the Grant Offer Letter is marginally less than the provisional indicative profile which was presented to the Board at the last meeting.

4.3 The LGF allocation does include a portion of Round 3 funding from Government in 2017/18 which is welcome news, however, the forecast spend profile held by SELEP in 2017/18, 2018/19 and 2019/20 exceeds the LGF future indicative profile of funding from Government. Conversely, during the last year of the Growth Deal programme (2020/21), the LGF indicative allocation from Government exceeds the current LGF spend profile, as set out in Figure 1 below.

4.4 The expected gap in 2018/19 is £14.599m and in 2019/20 is £13.428m, based on the current LGF spend forecast held by SELEP. Through the duration of the Growth Deal there is sufficient funding allocated by Government to fund all LGF projects identified in the Growth Deal programme.

**Figure 1 LGF spend profile relative to LGF available**



- 4.5 It is expected that any slippage of LGF spend during 2017/18 will be used to help offset the difference between the spend profile and the annual funding allocation from Government.
- 4.6 Where the Board is asked to consider the accelerated start date of LGF projects, the impact of this decision on the LGF programme spend profile for future financial years will be taken into account.
- 4.7 In addition, opportunities will be sought to further mitigate this risk through working with local partners to identify projects where local funding contributions can be spent in advance of LGF and through delaying LGF spend on specific projects until 2020/21, prioritising those where this does not adversely impact on the project's delivery within the Growth Deal period.

**5. 2017/18 spend forecast update**

- 5.1 The LGF spend forecast for 2017/18, excluding retained schemes has been increased from £115.179m as reported to the Board in March 2017 to £116.988m, as shown in Table 3 below.
- 5.2 When including retained schemes, the planned LGF spend in 2017/18 has increased from £145.943m to £147.752m, as set out in Table 3.

**Table 3 LGF spend forecast in 2017/18 (£m)**

<b>LGF (£m)</b>	<b>Total Planned Spend in 2017/18 (as reported in March 2017)</b>	<b>Total Forecast Spend in 2017/18 (as reported in April 2017)</b>	<b>Variance *</b>
East Sussex	25.694	25.998	0.305
Essex	18.472	17.204	-1.268
Kent	29.050	31.785	2.735
Medway	12.294	12.296	0.002
Southend	12.640	12.640	0.000
Thurrock	8.650	8.669	0.019
<i>Skills</i>	0.080	0.096	0.016
<i>M20 Junction 10a</i>	8.300	8.300	0.000
<b>LGF Sub-Total</b>	<b>115.179</b>	<b>116.988</b>	<b>1.810</b>
Retained	30.764	30.764	
<b>Total Spend Forecast</b>	<b>145.943</b>	<b>147.752</b>	<b>1.810</b>

\*Variation between the total planned spend in 2017/18 as reported in March 2017 and the total forecast LGF spend in 2017/18 as reported in April 2017.

5.3 This change to the forecast spend in 2017/18 has occurred as a result of the slippage of LGF spend from 2016/17 to 2017/18, the acceleration of spend for the Technical and Professional Skills Centre at Stansted Airport, the increase in LGF spend in 2017/18 for Sturry Link Road and Thurrock Cycle Network, the updated spend profile for Basildon Integrated Transport Package and minor amendments to the planned spend profile for the Skills Capital programme. These are considered in more detail below.

Technical and Professional Skills Centre

5.4 Following the submission of the Business Case for Technical and Professional Skills Centre at Stansted Airport (agenda item 7), updates to the project spend profiles have been identified.

5.5 The Board is asked to **approve** the acceleration of LGF spend in 2017/18 for Technical and Professional Skills Centre at Stansted Airport by £600,000

5.6 An acceleration of LGF spend for the Technical and Professional Skills Centre at Stansted Airport project by £600,000 is required to bring forward LGF spend on the project in advance of Essex County Council and local funding contributions to the project. In doing so, this will help to reduce the gap between the spend profile in 2018/19 and the amount of LGF expected to be available to spend.

#### Basildon Integrated Transport Package

5.7 The final version of the Basildon Integrated Transport Package Business Case brings forward an amended spend profile for the project for approval by the Board, as set out in Table 4 below.

**Table 4 Basildon Integrated Transport Package Spend Profile**

Basildon Integrated Transport Package Local Growth Fund allocation (£m)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Original* LGF spend profile	1.546	0.000	1.868	1.868	1.868	1.850	9.000
Updated LGF spend profile	1.546	0.000	0.000	2.800	3.100	1.554	9.000

\* Agreed in March 2017 as part of the 2017/17 planned budget

- 5.8 The revised spend profile for the project has been prepared as part of the Business Case submission and approval of Basildon Integrated Transport Package Tranche 2, as discussed under Agenda Item 8. The proposed delayed spend of LGF on the project reflects the revised works programme, which has been updated in light of delays experienced during the development of the Phase 2 Business Case.
- 5.9 The re-profiling of LGF spend for this project reduces the over-programming of LGF spend in 2017/18, but increases the difference between the total LGF programmed spend profile relative to the amount of LGF expected to be available in future years.
- 5.10 Whilst the approval of the updated spend profile increases this programme risk, awareness of the reduced LGF spend in 2017/18 at this stage is useful to enable LGF spend to be accelerated on other projects during 2017/18, as with the request for the Professional Skills Centre at Stansted Airport considered above.

#### A28 Sturry Link Road and Thurrock Cycle Network

- 5.11 The updated spend profile for A28 Sturry Link Road and Thurrock Cycle Network increases the LGF spend by £43,000 and £15,000 respectively. These relatively minor increases in LGF spend in 2017/18 will marginally increase the over-profiling in 2017/18, but do not present a substantial programme risk as these are more than offset by the re-profiling of the Basildon Integrated Transport Package requested above.
- 5.12 The Board is asked to **approve** the increase in LGF spend in 2017/18 for A28 Sturry Link Road by £43,000 and **approve** the increase in LGF spend in 2017/18 for Thurrock Cycle Network by £15,000.

#### Skills Capital

- 5.13 The updated spend profile for the skills capital programme takes into account the requested amendments to the Sussex Downs project allocation considered further in paragraph 6 below and delays in the purchase of equipment by two projects being delivered by Mid Kent College. The net impact of these changes was to increase the planned spend in 2017/18 by £16,000, approval for which has already been provided in the March report to the board on the Skills Capital Programme.
- 5.14 The net impact of all the changes considered above to the spend forecast in 2016/17 reduces the over-programming in the year to £2.274m, as shown in Table 5 below.

**Table 5 Forecast LGF spend relative to LGF allocation in 2017/18 (excludes retained schemes)**

	(£m)
LGF allocation in 2017/18	92.088
Funding swaps to local partner programmes - Option 4 mitigation	18.426
Option 5 carry forward	4.199
<b>Total LGF available to spend in 2017/18</b>	<b>114.714</b>
<b>Total LGF forecast spend in 2017/18 (see table 3)</b>	<b>116.988</b>
<b>Total over- programming in 2017/18*</b>	<b>-2.274</b>

\*Difference between the total LGF available to spend in 2017/18 and the total forecast spend of LGF in 2017/18.

- 5.15 As a result of the additional LGF slippage from 2016/17 to 2017/18 and the marginal decrease in the LGF allocation from Government in 2017/18, the total amount of LGF available to spend in 2017/18 amounts to £114.714m, as set out in Table 5 above.
- 5.16 As the total forecast spend on LGF in 2017/18 amounts to £116.988m, there is currently on over-profiling of LGF spend in 2017/18 of £2.274m, as set out in Table 5 below.
- 5.17 This does not present a substantial programme risk as slippage of LGF spend is likely to be identified during 2017/18 which will offset the £2.254m over-profiling.

## **6. Skills Capital Projects**

- 6.1 The LGF programme includes the allocation of £22m to Capital Skills projects.
- 6.2 In total, 29 projects have been approved, with the final project, Sussex Downs College, being considered by the Board under agenda item 6.
- 6.3 As agreed with the Board in January 2017, Sussex Downs College have brought forward an additional proposal to utilise part of their £159,000 LGF under spend from their initial investment. The second phase of investment seeks £39,515 investment.

- 6.4 Taking into account the existing over-commitment of the overall skills LGF programme of £14,486, the outstanding balance for allocation to other projects will be £25,439
- 6.5 It is noted that the outstanding balance, given the relatively low value is considered for reallocation as part of the wider uncommitted LFG programme, the process for which is expected to be considered by the Board at a subsequent meeting.

**7. Deliverability and Risk Summary**

- 7.1 To date, 13 LGF projects have been completed. These include:
- Colchester LSTF
  - A414 Maldon to Chelmsford RBS
  - Colchester Broadband Infrastructure
  - Colchester Park and Ride
  - Folkestone Seafront : onsite infrastructure and engineering works
  - M20 Junction 4 Eastern Overbridge
  - Maidstone Gyratory
  - Southend and Rochford Joint Area Action Plan
  - Sovereign Harbour (aka Strategic Site Investment Package)
  - Swallow Business Park, Hailsham (A22/A27 Growth Corridor)
  - TGSE LSTF – Essex
  - TGSE LSTF – Southend
  - TGSE LSTF – Thurrock
- 7.2 In addition the first tranches of projects such as Southend Growth Hub Phase 1 and Tonbridge Town Centre Regeneration Phase 1 have also been completed.
- 7.3 A template is currently being developed to support the evaluation of projects post scheme completion. This template will be discussed at the officer Programme Consideration Meeting on the 21<sup>st</sup> June 2017 and the outcomes of project evaluation will be reported to the Board though subsequent meetings.
- 7.4 Table 6 below lists those projects which are due to be completed during 2017/18.

<b>Table 6 Projects due to be completed during 2017/18</b>			
	<b>Project Update</b>	<b>Project Risk (RAG rating)</b>	<b>LGF Spend Risk (RAG rating)</b>
<b>East Sussex</b>			
Newhaven Flood Defences *	On Track	L	L

**Table 6 Projects due to be completed during 2017/18**

	<b>Project Update</b>	<b>Project Risk (RAG rating)</b>	<b>LGF Spend Risk (RAG rating)</b>
Queensway Gateway Road	Construction works have started on site but project delays were experienced in 2016/17. £3.460m LGF spend forecast in 2017/18.	M	M
North Bexhill Access Road	Phase 1a is now substantively complete. Project delays in 2016/17. New planning application has been submitted for design change.	M	M
Coastal Communities Housing Interventions – Hastings	Change request to come forward to next Board meeting, but no substantial change to outputs are expected.	L	L
<b>Essex</b>			
Colchester Town Centre**	Completion of Lexdon Bus Road Improvements required. The rest of the scheme was completed in 2016/17.	L	M
A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction**	Delayed delivery from 2016/17. Four packages of works programmed to be completed by December 2017.	L	M
Chelmsford Station / Station Square / Mill Yard	Contractor on site but complex project and project delays experienced in 2016/17	M	M
Coastal Communities Housing Interventions – Jaywick	Agreement is required to transfer LGF to District Council.	L	L
<b>Kent</b>			
Tonbridge Town Centre Phase 2	Phase 1 complete and Phase 2 underway. LGF fully spent.	L	L
Middle Deal Transport Improvements	Planning permission granted and good progress being made on site, focussing on road development.	M	L
Sittingbourne Town Centre Regeneration	LGF fully spent, but third party delivery of the project ongoing.	M	L



**Table 6 Projects due to be completed during 2017/18**

	<b>Project Update</b>	<b>Project Risk (RAG rating)</b>	<b>LGF Spend Risk (RAG rating)</b>
Rathmore Road	Site works progressing as planned. Next phase is to complete phase 2 A of the works to the forecourt of the Station	L	L
Dover Western Docks Revival A20 Junction Improvements **	Legal agreement being implemented to commit the Port to the delivery of the Marina Pier works.	L	L
Maidstone Integrated Transport Package - Phase 1	The outline design for A274 Sutton Road scheme has been delayed but procurement route has now been agreed to reduce further delay to delivery.	M	M
Tunbridge Wells Junction Improvement Package	Phase 1 works completed. Business Case required for Phase 2.	L	M
Coastal Communities Housing Intervention Thanet	Funding agreement has been progressed to transfer LGF to District Council	L	L
<b>Medway</b>			
Chatham Town Centre Place-making and Public Realm Package	The detailed design for the route improvement scheme between the train station and the town centre is complete and a contractor has been appointed to deliver the works.	L	L
Medway Cycle Action Plan	A new route along the A289 has been constructed and improvement work on the existing route through Riverside Country Park has been completed. Design work is continuing on other routes in preparation for construction before the end of 2017/18.	L	L
<b>Southend</b>			
A127 Kent Elms Corner**	Project due to be completed in May 2017.	L	M

**Table 6 Projects due to be completed during 2017/18**

	Project Update	Project Risk (RAG rating)	LGF Spend Risk (RAG rating)
Southend Central Area Action Plan (Phase 1)	Near completion. £200,000 to be carried over to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18	L	L
<b>Thurrock</b>			
Purfleet Centre**	Land acquisition continues.	L	H

\* SELEP LGF contribution to be spent by March 2018, but with the delivery of other parts of the project to continue using other funding sources

\*\* Delayed delivery from 2016/17

7.5 Appendix 4 sets out the summary deliverability and risk position for each project, as summarised in Table 7 below. This assessment excludes projects which have been fully completed.

**Table 7 LGF project delivery risk and LGF spend risk**

	Project Delivery Risk	LGF spend risk
Low	64	53
Medium	19	30
High	2	2
Total	85	85

7.6 The projects with a Red RAG rating for Project Risk are:

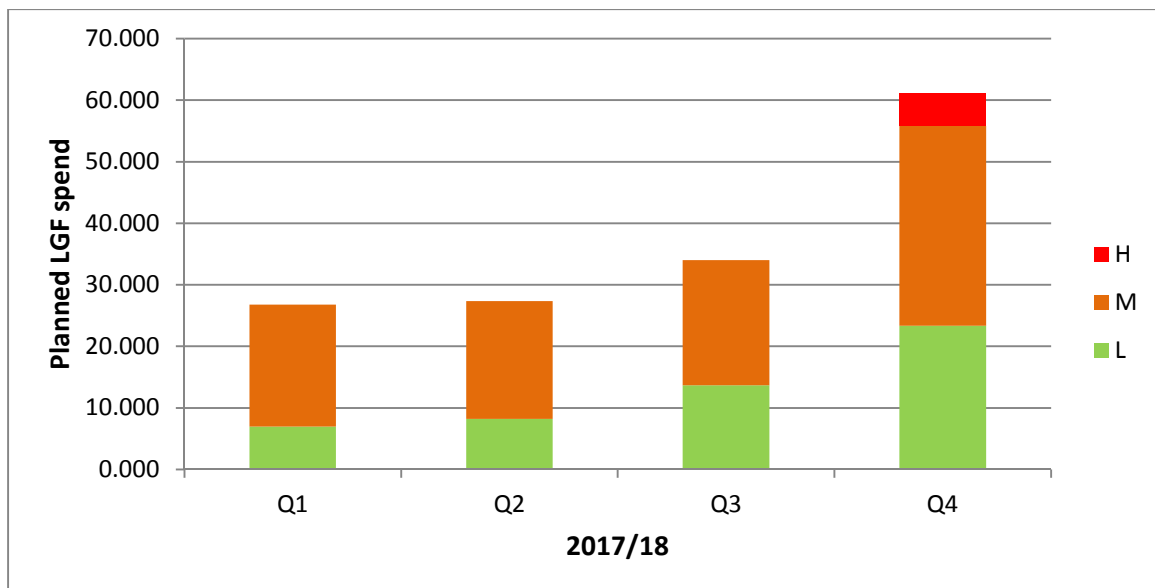
- **Beaulieu Park Railway Station** – The complex nature of this rail project and the early stage of the projects development presents risk to project delivery and creates uncertainty as to the total project cost. To address this uncertainty, project development work is currently being completed following Network Rail’s Governance of Rail Investment Projects (GRIP) process. The completion of GRIP Stage 2 work will help provide greater assurances of project cost and deliverability.

- Thanet Parkway** - This is a complex rail project with a funding shortfall. To address this shortfall a funding bid for Network Rail's New Stations Fund was submitted on 25 November 2016. The outcome of this funding bid has not yet been determined and the announcement by Government has been delayed due to Purdah. A funding strategy is currently being developed by Kent County Council to consider alternative funding sources should the bid to Network Rail prove unsuccessful.

7.7 Figure 2 below sets out the LGF spend risk per quarter for 2017/18. This LGF spend risk considers the certainty that the LGF allocation in 2017/18 will be spent during 2017/18. This gives consideration to project slippage during previous financial years and the underlying causes of this slippage.

7.8 Given the high proportion of LGF spend RAG rated as Amber, it seems sensible to identify and accelerate the delivery of LGF projects where feasible to do so. Local partners are asked to consider projects included in the Growth Deal programme, which could be accelerated. These projects will be considered at subsequent Board meetings, but any request to accelerate should not further increase the gaps against funding already identified in 2018/19 and 2019/20 (as detailed in paragraph 4.4 above).

**Figure 2 LGF spend risk relative to planned LGF spend in 2017/18**



## 8. LGF Programme Risks

8.1 In addition to project specific risks, the following LGF programme risks have also been identified.

### 8.1.1 *Governments funding commitment to future years of the LGF Programme*

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme and the level of LGF to be received by SELEP has yet to be confirmed. In light of the upcoming general election and new Government, this increases the risk in relation to future year funding allocations to the Growth Deal.

Mitigation: SELEP continues to seek assurances and formal confirmation of SELEP's LGF allocation to future years of the programme. In addition, SELEP continuously works to ensure Government are made aware of the benefits brought about through LGF investment.

### 8.1.2 *Total project cost escalation*

Risk: For certain LGF projects included in our Growth Deal, the total cost estimate has increased since the original bid submission and provisional LGF allocation was awarded. Increases in total project costs may impact on our ability to deliver the projects and outcomes/outputs which SELEP committed to achieve through LGF investment. Escalations in project cost may also impact on the Value for Money case for projects included in our Growth Deal.

Mitigation: SELEP is now taking a proactive approach in monitoring the total cost of LGF projects. Any changes to the total cost of a project must be reported to the Board through the Change Request process to ensure that projects continue to demonstrate Value for Money. Where cost escalation occurs, it is expected that this increase in costs will be met by local partners.

### 8.1.3 *Availability of LGF to align with project spend profiles*

Risk: The availability of LGF during future years of the LGF programme does not match the forecast spend profile for LGF projects.

Mitigation: To help ensure LGF allocations are available to align with project spend profiles, some funding may intentionally be carried between financial years to help manage the overall programme. The timing of LGF relative to local funding contributions to projects will also be considered.

### 8.1.4 *Resource within Local Authorities and in the private sector to support the delivery of the Growth Deal programme.*

Risk: A lack of resource within the delivery authorities, consultancies and contractors to support the development and construction of LGF projects may result in an increase in project cost estimates (as the tender costs are higher than originally forecast) and/or a delay to project programme for delivery.

Mitigation: Opportunities are being sought for early engagement with the industry to raise awareness of the LGF programme and the pipeline of work coming forward. Assurances are also being sought through the S151 Officer letter which supports Business Case submissions to ensure that the delivery body has access to the skills, expertise and resource to support the delivery of the project.

#### 8.1.5 *Re-profiling of LGF spend*

Risk: The re-profiling of £22.627m from 2016/17 may adversely affect SELEP's reputational risk and future year LGF allocations.

Mitigation: SELEP continues to work closely with officers in Government and stakeholders more widely to ensure that the benefits of LGF investment are being communicated. In addition, LGF Round 3 projects are being brought forward at pace to accelerate delivery where possible.

## 9. **Financial Implications** (Accountable Body Comments)

- 9.1 Slippage on projects has increased since the last report which while disappointing with regards to delivery, was not unexpected.
- 9.2 Given the relatively high levels of slippage in the last two financial years it is considered prudent that a level of over-programming is included in this and future year profiles. This needs to be managed, however, against the mismatch in funding and spend profiles across the next three financial years. Also any future requests for re-profiling of funding need to take this into account together with opportunities to utilise match funding sources, where possible, to bridge any gaps arising in the funding profile.
- 9.3 It is noted that future reports will incorporate further consideration of programme delivery alongside spend updates which will be welcomed, particularly with regard to supporting requests for re-profiling funding given the need to manage the impact of the mis-match in the profile of funding and spend in future years.
- 9.4 The Accountable Body will continue to work with the SELEP Secretariat to lobby Government for increased certainty with regard to the future LGF funding profiles.

## 10. **Legal Implications** (Accountable Body Comments)

- 10.1 There are no legal implications arising out of the recommendations set out in this report.

## 11. **Staffing and other resource implications**

- 11.1 None

## 12. **Equality and Diversity implications**

- 12.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 In the course of the development of the project business cases, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**13. List of Appendices**

- 13.1 Appendix 1 - Financial monitoring
- 13.2 Appendix 2 - Summary LGF spend profile
- 13.3 Appendix 3 – Grant Offer Letter 2017/18 (Made available as Appendix 1 of Agenda Item 4).
- 13.4 Appendix 4 - Deliverability and Risk

**14. List of Background Papers**

- 14.1 None

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener, Head of Finance  <b>On behalf of Margaret Lee</b>	  19/05/17





## Appendix 1 - LGF Financial Monitoring - East Sussex Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00002	Newhaven Flood Defences	East Sussex	9.000	1.500	0.300	0.800	0.400	0.400	0.000	0.000
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	3.530	2.100	0.000	0.000	1.500	1.500	0.000	0.600
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	10.560	8.600	0.600	0.370	0.850	0.880	0.030	6.750
LGF00036	Queensway Gateway Road	East Sussex	6.000	6.000	1.419	1.121	3.460	3.460	0.000	0.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.000	1.400	0.505	0.895	0.000	0.000	0.000	0.000
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.000	1.700	0.530	1.170	0.000	0.000	0.000	0.000
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	0.000	16.600	6.410	4.600	5.590	5.590	0.000	0.000
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	12.000	0.000	0.000	1.352	1.352	0.000	10.648
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above)	East Sussex	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	6.000	0.000	0.550	2.500	2.450	-0.050	3.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	4.000	0.000	0.000	0.000	0.000	0.000	4.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.667	0.000	0.000	0.642	0.667	0.025	0.000
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	8.200	0.000	0.000	6.000	6.300	0.300	1.900
LGF00099	Devonshire Park	East Sussex	0.000	5.000	0.000	0.000	3.400	3.400	0.000	1.600
<b>Total</b>				<b>73.767</b>	<b>9.764</b>	<b>9.506</b>	<b>25.694</b>	<b>25.998</b>	<b>0.305</b>	<b>28.498</b>

## Appendix 1 - LGF Financial Monitoring - Essex Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00004	Colchester Broadband Infrastructure	Essex	0.529	0.200	0.200	0.000	0.000	0.000	0.000	0.000
LGF00025	Colchester LSTF	Essex	2.720	2.400	0.911	1.489	0.000	0.000	0.000	0.000
LGF00026	Colchester Integrated Transport Package	Essex	12.000	5.000	1.527	0.673	1.400	1.400	0.000	1.400
LGF00027	Colchester Town Centre	Essex	5.510	4.600	0.955	2.849	0.796	0.796	0.000	0.000
LGF00028	TGSE LSTF - Essex	Essex	3.044	3.000	2.131	0.869	0.000	0.000	0.000	0.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	21.835	10.000	5.870	1.230	2.900	2.900	0.000	0.000
LGF00032	A414 Maldon to Chelmsford RBS	Essex	3.500	2.000	1.000	1.000	0.000	0.000	0.000	0.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	3.000	0.409	0.591	2.000	2.000	0.000	0.000
LGF00034	Basildon Integrated Transport Package	Essex	13.810	9.000	1.546	0.000	1.868	0.000	-1.868	7.454
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	7.500	5.800	5.800	-1.000	0.000	0.000	0.000	0.000
LGF00048	A131 Chelmsford to Braintree	Essex	7.320	3.660	0.000	0.000	0.750	0.750	0.000	2.910
LGF00049	A414 Harlow to Chelmsford	Essex	7.320	3.660	0.000	0.000	0.000	0.000	0.000	3.660
LGF00050	A133 Colchester to Clacton	Essex	5.480	2.740	0.000	0.000	0.000	0.000	0.000	2.740
LGF00051	A131 Braintree to Sudbury	Essex	3.600	1.800	0.000	0.000	0.000	0.000	0.000	1.800
LGF00063	Chelmsford City Growth Area Scheme	Essex	15.000	10.000	0.000	0.000	0.500	0.500	0.000	9.500
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	12.300	0.800	0.000	0.000	0.000	0.000	0.000	0.800
LGF00070	Beaulieu Park Railway Station	Essex	34.000	12.000	0.000	0.000	1.250	1.250	0.000	10.750
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.667	0.000	0.309	0.358	0.358	0.000	0.000
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	5.000	0.000	0.000	0.000	0.000	0.000	5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	3.500	0.000	0.000	1.000	1.600	0.600	1.900
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	2.000	0.000	0.000	1.000	1.000	0.000	1.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	5.000	0.000	0.000	4.650	4.650	0.000	0.350
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	6.235	0.000	0.000	0.000	0.000	0.000	6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	2.734	0.000	0.000	0.000	0.000	0.000	2.734

<b>Total</b>			<b>158.468</b>	<b>104.796</b>	<b>20.349</b>	<b>8.010</b>	<b>18.472</b>	<b>17.204</b>	<b>-1.268</b>	<b>58.233</b>
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## Appendix 1 - LGF Financial Monitoring - Kent Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00003	Kent and Medway Growth Hub	Kent	15.000	6.000	0.000	0.386	1.000	2.614	1.614	3.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.803	2.503	1.833	0.670	0.000	0.000	0.000	0.000
LGF00007	Sittingbourne Town Centre Regeneration	Kent	4.700	2.500	0.345	2.155	0.000	0.000	0.000	0.000
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	5.690	2.200	0.488	1.712	0.000	0.000	0.000	0.000
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speld	Kent	2.050	1.800	0.603	0.165	0.632	0.632	0.000	0.400
LGF00010	Kent Thameside LSTF	Kent	8.214	4.500	2.051	0.478	0.500	0.471	-0.029	1.500
LGF00011	Maidstone Gyrotory Bypass	Kent	5.740	4.600	0.704	3.719	0.000	0.177	0.177	0.000
LGF00012	Kent Strategic Congestion Management programme	Kent	4.800	4.800	0.863	0.673	0.805	0.742	-0.063	2.522
LGF00013	Middle Deal transport improvements	Kent	1.550	0.800	0.000	0.800	0.000	0.000	0.000	0.000
LGF00014	Kent Rights of Way improvement plan	Kent	1.300	1.000	0.193	0.060	0.219	0.297	0.078	0.450
LGF00015	Kent Sustainable Interventions Programme	Kent	2.856	2.856	0.143	0.407	0.500	0.620	0.120	1.686
LGF00016	West Kent LSTF	Kent	9.060	4.900	0.800	1.301	0.700	0.799	0.099	2.000
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.691	0.541	0.533	0.008	0.000	0.000	0.000	0.000
LGF00038	A28 Chart Road	Kent	32.800	10.200	0.885	0.975	1.314	1.140	-0.174	7.200
LGF00039	Maidstone Integrated Transport	Kent	11.850	8.900	0.000	0.252	1.685	2.148	0.463	6.500
LGF00040	A28 Sturry Link Road	Kent	29.600	5.900	0.000	0.300	1.800	0.517	-1.283	5.083
LGF00053	Rathmore Road	Kent	9.500	4.200	1.562	2.638	0.000	0.000	0.000	0.000
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.550	0.300	0.022	0.005	0.254	0.273	0.019	0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.610	2.000	0.131	1.869	0.000	0.000	0.000	0.000
LGF00059	Ashford Spurs	Kent	10.500	9.800	0.000	0.453	8.617	8.617	0.000	0.730
LGF00041	Thanet Parkway	Kent	16.500	10.000	0.000	0.000	4.000	4.000	0.000	6.000
LGF00058	Dover Western Dock Revival	Kent	5.000	5.000	0.000	4.915	0.000	0.085	0.085	0.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	22.110	5.000	0.000	1.997	3.067	3.003	-0.064	0.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	6.903	4.200	0.000	0.683	1.093	1.302	0.209	2.215
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	1.530	0.667	0.000	0.000	0.667	0.667	0.000	0.000
LGF00086	Dartford Town Centre Transformation	Kent	12.000	4.300	0.000	0.000	0.200	0.200	0.000	4.100
LGF00088	Fort Halsted	Kent	32.030	1.530	0.000	0.000	1.530	1.530	0.000	0.000
LGF00092	A2500 Lower Road	Kent	1.805	1.265	0.000	0.000	0.387	0.387	0.000	0.878
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	21.000	6.120	0.000	0.000	1.120	1.120	0.000	5.000
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	10.055	4.400	0.000	0.000	0.354	0.354	0.000	4.046
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	24.691	4.636	0.000	0.000	0.091	0.091	0.000	4.545
Total			315.488	127.417	11.156	26.622	30.535	31.784	1.250	57.855

## Appendix 1 - LGF Financial Monitoring - Medway Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvement	Medway	11.564	11.100	0.500	0.402	2.335	2.353	0.018	7.845
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	10.270	9.000	0.200	1.792	2.420	2.397	-0.023	4.611
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	7.699	4.000	0.871	0.928	2.191	2.201	0.010	0.000
LGF00021	Medway Cycling Action Plan	Medway	2.900	2.500	0.229	1.150	1.121	1.121	0.000	0.000
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.094	2.000	0.100	0.181	0.100	0.099	-0.001	1.620
LGF00061	Rochester Airport - phase 1	Medway	4.400	4.400	0.000	0.179	2.827	2.825	-0.002	1.396
LGF00089	Rochester Airport - phase 2	Medway	3.700	3.700	0.000	0.000	0.300	0.300	0.000	3.400
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500	3.500	0.000	0.000	1.000	1.000	0.000	2.500
<b>Total</b>			46.127	40.200	1.900	4.633	12.294	12.296	0.002	21.372

## Appendix 1 - LGF Financial Monitoring - Southend Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00005	Southend Growth Hub	Southend	7.092	6.720	0.018	0.702	0.000	0.000	0.000	6.000
LGF00029	TGSE LSTF - Southend	Southend	1.000	1.000	0.800	0.200	0.000	0.000	0.000	0.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	7.000	0.000	0.800	2.200	2.200	0.000	4.000
LGF00057	Southend and Rochford Joint Area Action Plan	Southend	8.800	3.200	0.000	3.200	0.000	0.000	0.000	0.000
LGF00090	London Southend Airport Business Park	Southend	0.000	19.890	0.000	0.000	10.440	10.440	0.000	9.450
Total			23.892	37.810	0.818	4.902	12.640	12.640	0.000	19.450

## Appendix 1 - LGF Financial Monitoring - Thurrock Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	1.000	0.800	0.200	0.000	0.000	0.000	0.000
LGF00046	Thurrock Cycle Network	Thurrock	6.000	5.000	0.000	1.050	1.750	1.650	-0.100	2.300
LGF00047	London Gateway/Stanford le Hope	Thurrock	12.050	7.500	0.000	0.700	2.800	2.800	0.000	4.000
LGF00052	A13 Widening - development	Thurrock	5.000	5.000	0.000	5.000	0.000	0.000	0.000	0.000
LGF00056	Purfleet Centre	Thurrock	122.000	5.000	0.000	0.781	4.100	4.219	0.119	0.000
LGF00104	Grays South	Thurrock	41.639	10.840	0.000	0.000	0.000	0.000	0.000	10.840

**Total****187.689****34.340****0.800****7.731****8.650****8.669****0.019****17.140**

## Appendix 1 - LGF Financial Monitoring - Retained Scheme Summary

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00079	A127 Fairglen Junction Improvements	Essex	19.348	15.000	0.000	0.000	0.000	0.000	0.000	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	8.960	4.000	0.513	3.487	0.000	0.000	0.000	0.000
LGF00081	A127 Kent Elms Corner	Southend	5.020	4.300	0.500	2.800	1.000	1.000	0.000	0.000
LGF00082	A127 The Bell	Southend	5.020	4.300	0.000	0.000	0.860	0.860	0.000	3.440
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	8.000	0.400	0.240	0.360	0.360	0.000	7.000
LGF00084	A13 Widening	Thurrock	73.866	66.057	0.000	0.000	28.544	28.544	0.000	37.513
<b>Total</b>			<b>120.214</b>	<b>101.657</b>	<b>1.413</b>	<b>6.527</b>	<b>30.764</b>	<b>30.764</b>	<b>0.000</b>	<b>62.953</b>

Appendix 1 - LGF Financial Monitoring - Managed Centrally

April 2017 update

SELEP Code	Scheme Name	Federated Area	Total Scheme Cost (£m)	Total LGF allocation (£m)	LGF Spend in 2015 (£m)	Provisional LGF spend in 2016/17 (£m)	Total planned spend 2017/18 (As reported in March 2017) (£m)	Total forecast spend in 2017/18 (As reported in May 2017) (£m)	Variance (difference between total planned spend in 2017/18 and total forecast spend in 2017/18). (£m)	Forecast future year LGF spend (£m)
LGF00001	Skills	Pan LEP		22.000	9.923	11.980	0.080	0.096	0.016	0.000
LGF00071	M20 Junction 10a	Kent	104.400	19.700	0.000	0.000	8.300	8.300	0.000	11.400
Total			104.400	41.700	9.923	11.980	8.380	8.396	0.016	11.400



Appendix 2 - Summary LGF Spend Profile

April 2017

Project Number	SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years
<b>East Sussex</b>										
LGFSE2	LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400				1.500
LGFSE23	LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport Scheme	East Sussex	0.000	0.000	1.500	0.600			2.100
LGFSE24	LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	0.880	1.750	2.500	2.500	8.600
LGFSE35	LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	3.460				6.000
LGFSE49	LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895	0.000				1.400
LGFSE50	LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170	0.000				1.700
LGFSE51	LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590				16.600
tb2	LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	1.352	3.648	3.500	3.500	12.000
tb3	LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above s	East Sussex	0.000	0.000	0.000				0.000
LGFSE52	LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	2.450	1.500	1.500		6.000
tb25	LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000	0.000		2.000	2.000	4.000
LGFSE62	LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667				0.667
	LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	6.300	1.900			8.200
	LGF00099	Devonshire Park	East Sussex	0.000	0.000	3.400	1.600			5.000
<b>Essex</b>										
LGFSE4	LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000				0.200
LGFSE25	LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000				2.400
LGFSE26	LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400			5.000
LGFSE27	LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796				4.600
LGFSE28	LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000				3.000
LGFSE31	LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	1.230	2.900				10.000
LGFSE32	LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000				2.000
LGFSE33	LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.591	2.000				3.000
LGFSE34	LGF00034	Basildon Integrated Transport Package	Essex	1.546	0.000	0.000	2.800	3.100	1.554	9.000
LGFSE36	LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000				5.800
tb28	LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	0.750	1.750	1.160		3.660
tb29	LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	1.830	1.830		3.660
tb210	LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
tb211	LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000		0.900	0.900	1.800
tb219	LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	0.500	4.000	5.500		10.000
tb220	LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.000	0.000	0.000	0.800			0.800
tb222	LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	1.250		5.750	5.000	12.000
LGFSE62	LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.309	0.358				0.667
	LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000		2.500	2.500		5.000
	LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	1.600	1.900			3.500
	LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000			2.000
	LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	4.650	0.350			5.000
	LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000			3.200	3.035	6.235
	LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000			1.000	1.734	2.734
<b>Kent</b>										
LGFSE3	LGF00003	Kent and Medway Growth Hub	Kent	0.000	0.386	2.614	1.000	1.000	1.000	6.000
LGFSE6	LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.670	0.000				2.503
LGFSE7	LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.000				2.500
LGFSE8	LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000				2.200
LGFSE9	LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldh	Kent	0.603	0.165	0.632	0.400			1.800
LGFSE10	LGF00010	Kent Thameside LSTF	Kent	2.051	0.478	0.471	0.800	0.400	0.300	4.500
LGFSE11	LGF00011	Maidstone Gyrotory Bypass	Kent	0.704	3.719	0.177				4.600
LGFSE12	LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.673	0.742	0.922	0.800	0.800	4.800
LGFSE13	LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000				0.800
LGFSE14	LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.060	0.297	0.150	0.150	0.150	1.000
LGFSE15	LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.407	0.620	0.600	0.586	0.500	2.856
LGFSE16	LGF00016	West Kent LSTF	Kent	0.800	1.301	0.799	0.700	0.700	0.600	4.900
LGFSE17	LGF00017	Folkestone Seafont : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000				0.541
LGFSE42	LGF00038	A28 Chart Road	Kent	0.885	0.975	1.140	6.000	1.200		10.200
LGFSE43	LGF00039	Maidstone Integrated Transport	Kent	0.000	0.252	2.148	3.000	3.285	0.215	8.900
LGFSE44	LGF00040	A28 Sturry Link Road	Kent	0.000	0.300	0.517	1.800	3.283		5.900
LGFSE45	LGF00053	Rathmore Road	Kent	1.562	2.638	0.000				4.200
LGFSE46	LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.022	0.005	0.273				0.300
LGFSE47	LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000				2.000
LGFSE48	LGF00059	Ashford Spurs	Kent	0.000	0.453	8.617	0.730	0.000	0.000	9.800
tb21	LGF00041	Thanet Parkway	Kent	0.000	0.000	4.000	6.000	0.000	0.000	10.000
LGFSE59	LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085				5.000
tb216	LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent							0.000
LGFSE61	LGF00062	Folkestone Seafont (non-transport)	Kent	0.000	1.997	3.003				5.000
tb224	LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.683	1.302	2.173	0.042		4.200
LGFSE62	LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.667				0.667
	LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.200	2.050	1.750	0.300	4.300
	LGF00088	Fort Halsted	Kent	0.000	0.000	1.530				1.530
	LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.387	0.781	0.054	0.044	1.265
	LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	1.120	2.500	2.500		6.120
	LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.354	1.388	2.658		4.400
	LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	0.000	0.000	0.091	1.500	1.500	1.545	4.636
<b>Medway</b>										
LGFSE18	LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Im	Medway	0.500	0.402	2.353	4.100	3.745		11.100
LGFSE19	LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.792	2.397	4.611			9.000
LGFSE20	LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.871	0.928	2.201				4.000
LGFSE21	LGF00021	Medway Cycling Action Plan	Medway	0.229	1.150	1.121				2.500
LGFSE22	LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.100	0.181	0.099	1.620			2.000
LGFSE60	LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	2.825	1.396			4.400
	LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.300	0.370	1.780	1.250	3.700
	LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.000	2.200	0.300		3.500
<b>Southend</b>										
LGFSE5	LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.500	1.000	4.500	6.720
LGFSE29	LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGFSE53	LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.800	2.200	2.000	2.000		7.000
LGFSE58	LGF00057	Southend and Rochford Joint Area Action Plan	Southend	0.000	3.200	0.000				3.200
	LGF00090	London Southend Airport Business Park	Southend	0.000	0.000	10.440	9.450			19.890
<b>Thurrock</b>										
LGFSE30	LGF00030	TGSE LSTF - Thurrock	Thurrock	0.800	0.200	0.000				1.000
LGFSE54	LGF00046	Thurrock Cycle Network	Thurrock	0.000	1.050	1.650	1.500	0.800		5.000
LGFSE55	LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.700	2.800	4.000			7.500
LGFSE56	LGF00052	A13 Widening - development	Thurrock	0.000	5.000	0.000				5.000
LGFSE57	LGF00056	Purfleet Centre	Thurrock	0.000	0.781	4.219				5.000
	LGF00104	Grays South	Thurrock	0.000	0.000	0.000		3.000	7.840	10.840
<b>Centrally Managed</b>										
LGFSE1	LGF00001	Skills		9.923	11.980	0.096				22.000
	LGF00071	M20 Junction 10a				8.300	11.400			19.700
<b>Sub Total (Excluding Retained Schemes)</b>				<b>55.711</b>	<b>73.383</b>	<b>116.988</b>	<b>106.338</b>	<b>68.343</b>	<b>39.267</b>	<b>460.030</b>
<b>Provisional LGF Funding allocation (excluding retained schemes)</b>				<b>69.450</b>	<b>82.270</b>	<b>92.088</b>	<b>91.739</b>	<b>54.915</b>	<b>77.873</b>	<b>468.335</b>
Option 4 mitigation 2015/16 ( Funding swaps to local partner programmes)				-12.662	12.662					
Option 5 mitigation 2015/16 (Skills carry-forward)				-1.077	1.077					

Project Number	SELEP number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years
Option 4 mitigation 2016/17 (Funding swaps to local partners)					-18.426	18.426				
Option 5 mitigation 2016/17 (LGF carry-forward) *					-4.199	4.199				

\* Option 5 mitigation minus the over-programming in 2016/17 as agreed in June 2016

#### Retained schemes

LGFSE37	LGF00079	A127 Fairglen Junction Improvements	Essex (retained)	0.000	0.000	0.000		4.750	10.250	15.000
LGFSE38	LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex (retained)	0.513	3.487	0.000	0.000	0.000		4.000
LGFSE39	LGF00081	A127 Kent Elms Corner	Southend (retained)	0.500	2.800	1.000				4.300
LGFSE40	LGF00082	A127 The Bell	Southend (retained)	0.000	0.000	0.860	3.440			4.300
LGFSE41	LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (retained)	0.400	0.240	0.360	1.000	3.000	3.000	8.000
	LGF00084	A13 Widening	Thurrock (retained)	0.000	0.000	28.544	20.236	17.277		66.057

## SELEP Programme Monitoring

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
East Sussex									
LGF00002	Newhaven Flood Defences	East Sussex	1.500	Approval for spend of full LGF allocation	Construction is now well under way and LGF spend in 2017/18 is secure. There are technical details relating to later phases of the project which are still to be decided, specifically relating to rail and trunk road protection. Although designs are still being decided the 1:200 year defence level is still the target.	L	Being implemented	L	On track
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	Approval for the spend of the full LGF allocation	The Business Case has been approved and a full design has been agreed. The profile of spend has been augmented as delivery of the project will slip to cover the 2017/18 and 2018/19 years	L	To be implemented 17/18 and 18/19	L	To be implemented 17/18 and 2018/19
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	8.600	Accountability Board approval for £2m of the £8.6m allocation. Approval to be sought from future Accountability Board meeting for the remaining LGF allocation.	The spend forecast for the project has been reduced in 2016/17 due to delayed project programme as a result of Knotweed having been found on the route. The programme has now been agreed for the 2017/18 year and there is strong confidence in the spend ability for this scheme including slippage.	M	Project delay in 2016/17, but updated programme of works in 2017/18 is expected to be achievable.	M	Delayed LGF spend in 2016/17
LGF00036	Queensway Gateway Road	East Sussex	6.000	Approval for spend of full LGF allocation	Works have started on site, but substantial delays to the project programme has led to reduced spend in 2016/17 and slippage into 2017/18. The land remediation has come to an end and construction of the embankment is due to start in May. The tender for this contract is currently being evaluated.	M	Delay to scheme in 2016/17, but not a showstopper risk.	M	Delayed LGF spend in 2016/17
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400	Approval for spend of full LGF allocation	The LGF portion of the project is now complete and the site is already home to a single occupancy unit of 3000sqm. Development of the phase 2 starter units will begin in early summer.	L	Project Complete	L	Project Complete
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700	Approval for spend of full LGF allocation	This project is now complete with all three sites fully access enabled with substial improvements to the utility provision. There have been a number of enquiries about development on the sites with Heads of terms agreed for 1 company and planning permission in progress.	L	Project Complete	L	Project Complete
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	16.600	Approval for spend of full LGF allocation	Cumpulsory Purchase Order is currently being progressed and an enquiry will be held in the summer. Shouldn't impact on delivery timescale, as works can start on site in advance of this land being aquired. Phase 1a is now substatively complete. There has been a new planning application submitted to change the bridge to a culvert.	M	Amended planning application is required.	M	Delayed LGF spend in 2016/17 resulting in substantial project spend in 2017/18.
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	12.000	Approval to be sought from a future Board meeting	Business Case to be brought to an Accountability Board meeting in 2017/18, but spend forecast in 2017/18 is likely to be lower than previously forecast.	L		L	
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000		Merged with LGF00042 and removed from the programme				
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	6.000	Approval for spend of full LGF allocation	Public consultation with residents in January 2017. Construction works to start in July 2017, with a 12 month construction period. Reduced LGF spend in 2016/17 as a result of a design review and further consultation being required on the proposed intervention.	L	Delay to scheme, but not a showstopper risk.	M	Delayed LGF spend in 2016/17
LGF00073	A22/A27 junction improvement package	East Sussex	4.000	Approval to be sought from future Board meeting	No LGF spend until 2019/20. The proposed intervention is under consideration and the intervention will depend, to some extent, on Highways Englands scheme for the A27.	L	Project currently at feasibility stage	L	No LGF spend until future years of the programme.
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGF allocation	The initial site identified has since burned down due to arsen. This has meant that the development partners are currently reviewing the site and report will be brought to the Accountability Board when a decision has been made.	L	Change to the property being acquired, but project outcomes and objectives are not expected to change. Change request to be considered at future meeting.	L	
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGF allocation	Initially LGF spend was due to begin in 2016/17, however, this has been delayed until 2017/18 as there were concerns regarding state aid that needed to be addressed. Work on the site access and utilities to begin in April 2017.	L		L	
LGF00099	Devonshire Park	East Sussex	5.000	Approval for spend of full LGF allocation	This project is now in the ground remediation phase and will begin to receive LGF funds in 2017/18. There has been a review of the design to ensure it remains on budget however this will not affect the outputs.	L		L	
Essex									

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGF allocation	Completed in 15/16.	L	Complete	L	Complete
LGF00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGF allocation	Completed	L	Delayed project completion to 2017/18	L	LGF fully spent
LGF00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGF allocation	Mainly design for future packages	L	Being implemented	L	
LGF00027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	Lexden Rd remaining	L	Delay to programme due to revise design for Lexton Bus Lane.	M	Slippage of LGF spend to 2017/18
LGF00028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	Completed.	L	Completed	L	Completed
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.000	Approval for spend of full LGF allocation	4 packages to complete by December 2017	L		M	Slippage of LGF spend to 2017/18
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	Completed Dec 16.	L	Complete	L	Complete
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	Contractor mobilising.	M	Complex project and project delays experienced	M	Slippage of LGF spend to 2017/18
LGF00034	Basildon Integrated Transport Package	Essex	9.000	Approval for Phase 1. Business Case to be considered for Phase 2 on the 26/05/2017	Design work for tranche 2 progressing.	L		L	
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	Completed.	L	Complete	L	Complete
LGF00079	A127 Fairglan Junction Improvements	Essex (retain)	15.000	Approval to be sought from future Board meeting	In PCF Stage 1	L	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	M	
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex (retain)	4.000	Approval for spend of full LGF allocation	Mixture of site works and design activity.	L	Being implemented	L	LGF fully spent
LGF00048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	In detailed design.	L		L	
LGF00049	A414 Harlow to Chelmsford	Essex	3.660	Approval to be sought from future Board meeting	Yet to develop full programme.	L		L	No LGF spend forecast until 18/19
LGF00050	A133 Colchester to Clacton	Essex	2.740	Approval to be sought from future Board meeting	Yet to develop full programme.	L		L	No LGF spend forecast until 18/19
LGF00051	A131 Braintree to Sudbury	Essex	1.800	Approval to be sought from future Board meeting	Yet to develop full programme.	L		L	No LGF spend forecast until 19/20
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval to be sought from future Board meeting	Completing design and options appraisal.	L		L	No LGF spend forecast until 17/18. Consultation > possible delay risk
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought from future Board meeting	Stalled due to legal issues.	L		M	No spend until 2018/19.
LGF00070	Beaulieu Park Railway Station	Essex	12.000	Approval to be sought from future Board meeting	Completed Network Rail GRIP Stage 2 work.	H	Complex. Delay could also mean implementation post-LGF programme period.	H	Complex rail project and total project cost is currently uncertain
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.309	Approval for spend of full LGF allocation	Awaiting detailed programme.	L		L	
LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval to be sought from a future meeting	In design stages.	L		L	
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500	Approval to be sought on 26/05/2017	Contractor Procurement	L		L	

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval to be sought from a future meeting	Developing business case	L		L	
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval to be sought from a future meeting	Decision to be taken on which campus will be developed.	L		L	
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought from DfT	Initial design stages.	L		L	
LGF00103	M11 Junction 8 Improvements	Essex	2.734	Approval to be sought from a future meeting	Currently trying to plug funding gap.	L		L	
<b>Kent</b>									
LGF00003	Kent and Medway Growth Hub	Kent	6.000	Approval for spend of full LGF allocation	Phase 1 agreed at I3 Approval Board and accepted by applicants to a value of £388,500. Phase 2 complete and contract meetings have been successful with £700k of loans committed to be defrayed to applicants, although none of the LGF allocation was defrayed before the end of March 2017. Phase 3 opened on 29th November 2016. Approval by the boards of 3 loans to the value of £920,000. Signed offer letters are in place for 2 applicants although none of the LGF allocation was defrayed before the end of March 2017.	L		M	Large underspend in 2016/17, signed offer letters in place but loans not defrayed to applicants.
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.503	Approval for spend of full LGF allocation	Phase 1 completed. Phase 2 schemes being taken forward: 1. Riverwalk - Construction is complete with opening likely in April 2017; 2. Hadlow Road/Cannon Lane jct improvements completed mid-September 2016 3. Brook Street/Waterloo Road cycle improvements - initial designs have been investigated but it is difficult to find a suitable solution. This scheme will now be joined up with the A26 cycleway scheme as it starts where the A26 cycle scheme finishes.	L	Being implemented	L	LGF fully spent
LGF00007	Sittingbourne Town Centre Regeneration	Kent	2.500	Approval for spend of full LGF allocation	Evidence provided of spend for quarter 4 to complete a credit of £200,302k and take total LGF spend to £2.5m by the end of March 2017, but planning application has not yet been secured.	M	Programme risk if planning permission is refused, or major objection to S278 works	L	LGF allocation spent in full in 2016/17 and is underwritten by Swale BC.
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	2.200	Approval for spend of full LGF allocation	Works now complete and LGF allocation spent in full. Bridge has been widened and all new traffic lanes fully opened to traffic on 5 February 2017 with a completion certificate issued on 14 February 2017.	L	Scheme Complete	L	Scheme complete
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.800	Approval for Phase 1 of works	Construction – Phase 1 works (Yew Tree Rd junction) completed Outline Design - KMEP approved funding the A26 cycleway scheme using underspend from the original £1.8 million allocation. Business Cas to come forward. KCC have requested a re-profile of £400k into 18/19 as unlikely to spend full £1m allocation in 17/18, if business case is not approved until September 2017. West Kent LSTF	L	Amended project scope to be considered in September 2017.	M	Amended spend profile for 2017/18 to reflect updated project programme.
LGF00010	Kent Thameside LSTF	Kent	4.500	Approval for spend of full LGF allocation	Meeting held between Network Rail and KCC to ascertain timescales for land purchase. Network Rail confirmed unlikely to complete until at least December 2017. Currently progressing the amended design work for the bus hub. Princes Road and Burnham Rd will be delivered in 2017/18 following consultation and amendments to design. KCC have requested a re-profile of £400k into 18/19 as unlikely to spend full allocation in 17/18, if land purchase is not completed.	L	Being implemented	M	High proportion of spend dependant on land purchase from Network Rail
LGF00011	Maidstone Gyrotory Bypass	Kent	4.600	Approval for spend of full LGF allocation	Official opening took place on 23rd March 2017.	L	Project complete	L	Minor slippage of LGF. spend into 2017/18
LGF00012	Kent Strategic Congestion Management programme	Kent	4.800	Annual approval. Approval in place for 2015/16, 2016/17 and 2017/18 interventions.	2015/16 and 2016/17 schemes completed. 2017/18 schemes – • Dartford Network Improvements: Detailed cost estimate received. Request sent for the start of detailed design, scheduling and commencement of construction to ITS design team for the controller reconfiguration. • Barton Hill Drive: Detailed design in progress • A2/M2 Connected Corridor (2017/18): First payment from the EU received by DfT for reallocation to UK partners. Procurement of equipment is to start in the next few months once Highways England have finalised a procurement framework. • Forward design: Feasibility and outline design to be progressed.	L		M	Some slippage of spend to 2017/18.
LGF00013	Middle Deal transport improvements	Kent	0.800	Approval for spend of full LGF allocation	Planning permission granted and good progress being made on site, focussing on road development. The scheme requires further agreement with respect of S38 to enable further works to proceed.	M	S38 agreed in part and should be finalised in Q1 2017/18.	L	LGF fully spent

## SELEP Programme Monitoring

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	Two schemes to be delivered (£100k each) in 16/17. Powder Mills and Ashford (Taylor Wimpey), Tonbridge and Malling have confirmed the planning requirements for the powder mills scheme and that it is covered under permitted development. Limited spend in 2016/17 and construction is now planned for Quarter 1 of 17/18	M	Being implemented, but delay to project delivery in 2016/17.	M	Reprofiling of allocation into 2017/18, given delays to scheme delivery.
LGF00015	Kent Sustainable Interventions Programme	Kent	2.856	Approval for 2015/16, 2016/17 and 2017/18 interventions. Annual Business Case approval.	2015/16 schemes completed. Design/Construction (16/17): <ul style="list-style-type: none"> <li>Folkestone to Hythe Cycle Improvements: Scheme complete. Phase 2 outline designs have been completed as programmed to take to detailed design.</li> <li>Folkestone town centre cycle links: Folkestone Town Centre cycle links completed under walk, talk and build.</li> <li>Tonbridge Angels to Rail Station cycle improvements: Construction began in February with works to continue into May 2017.</li> <li>Additional allocation will be used to support the design of the A26 cycleway in Tunbridge Wells until approval is given by SELEP to utilise the underspend on the Tunbridge Wells Junction Improvement scheme and the Thames cycle track project between Greenhithe and 'the bridge' housing estate Dartford alongside the River Thames.</li> <li>A21 Pembury Road cycle improvements - this scheme is still in outline design stage. The scheme will move into the detailed design stage shortly and a public engagement exercise will commence in May with a view to starting the scheme in the summer holidays.</li> </ul>	L	Being implemented	L	Reprofiling of allocation into 2017/18, given delays to individual scheme delivery.
LGF00016	West Kent LSTF	Kent	4.900	Approval for spend of full LGF allocation	Legal agreement for TWBC has now been sealed and invoice received for £500k. Preliminary programme and construction timescales prepared. Letter has been sent to Network Rail requesting confirmation that the demolition of the Vic PH will still go ahead in 2017/18 to allow the Maidstone East scheme to proceed.	L	Being implemented	L	
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541	Approval for spend of full LGF allocation	Scheme Complete	L	Complete	L	Complete
LGF00038	A28 Chart Road	Kent	10.200	Approval for spend of full LGF allocation	Contract has been awarded to Jackson Civil Engineering and initial work has begun. Compulsory Purchase Order documents will be finalised with a view to publishing this in April 2017. KCC Property team signed off the purchase of East Lodge which was completed on 31 March 2017.	L	Being implemented	L	On Track
LGF00039	Maidstone Integrated Transport	Kent	8.900	Approval for Phase 1 of works.	The outline design for A274 Sutton Road scheme has been delayed but procurement route has now been agreed to reduce further delay to delivery. Outline design is progressing well on the A20/M20 Junction 5 improvements and initial meeting has been held with HE. A20/Hermitage Lane scheme designs are currently being reviewed to confirm that they will achieve the required benefits. Further approval required for Phase 2 allocation with a further business case to be taken to the Sept 17 AB meeting.	M	Amendment to project scope and project programme is required.	M	Slippage of LGF spend from 2016/17 to 2017/18/, with substantial LGF allocation in 2017/18.
LGF00040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGF allocation	Outline Design progressing and preparations continue for submission of planning application in June 2017.	M	Complex project with local funding from 3 developers.	M	Slippage of LGF spend from 2016/17 to 2017/18.
LGF00053	Rathmore Road	Kent	4.200	Approval for spend of full LGF allocation	Site works progressing as planned. Demolition of 13 Darnley Road is now complete and diversion of statutory undertakers plant continuing in Darnley Road. Next phase is to complete phase 2 A of the works to the forecourt of the Station. The Street Art project, on the hoarding of the building works on Rathmore Road, was completed on 17th March with accompanying press coverage.	L	Being implemented	L	LGF fully spent
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGF allocation	Current programme anticipated build in Q4 17/18. Consultation works and design need to begin.	M	Scheme delayed to 2017/18	M	LGF spend delayed to 2017/18.
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGF allocation	Construction progressing well on site, with first section opened between Forstal and Allington Lock. Official opening to be scheduled.	L	Project being implemented and near completion	L	LGF fully spent
LGF00059	Ashford Spurs	Kent	9.800	Approval for spend of £5,627,000 LGF. Approval to sought for the remaining allocation to the project in May 2017.	GRIP 3 is now complete and GRIP 4 is making good progress. Contract for new signalling awarded. The additional £4.8m LGF3 allocation will be included as part of the full business case which was submitted to SDG on March 17th, for approval at Accountability Board May 25th 2017. A letter has been sent from DfT to SELEP stating that more robust reassurances should be requested from Eurostar to give confidence that the upgraded infrastructure would be used in the long term.	M	Value for money risk	M	Re-profiling of LGF spend from 2016/17 to 2017/18 and 2018/19.

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00041	Thanet Parkway	Kent	10.000	Approval to be sought from future Board meeting.	An £8.8m funding bid was made on 25th Nov for the DfT/Network Rail New Stations Fund 2 to fill the funding gap which was due to be announced in April 2017 but may now be delayed till later in 2017. KCC are currently updating the funding strategy should the NSF2 bid be unsuccessful when announced. Pre-planning public consultation was carried out between January 25th and 19th March 2017 with six exhibition events held. Business Case to be submitted for a decision by Accountability Board in September 2017.	H	Current funding gap leading to delayed project delivery.	H	LGF allocation in 2017/18, but project funding gap is impacting project delivery.
LGF00058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGF allocation.	The business case for the £5m allocation was approved by SELEP AB in February 2017. Dover HB has provided evidence of spend on the scheme from to enable a credit to be raised by KCC for £4.9m. KCC Legal is currently working on the funding agreement so that the LGF allocation can be transferred to DHB, on the basis that they commit to building the new marina pier by 30 June 2019 and that the LGF funding be paid with a claw back clause should the pier not be built (or substantially commenced) by that date.	L	Being Implemented	L	Business case approved for £5m allocation
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000		N/A	n/a	Removed from programme. Approval given to reallocate funds to Ashford Spurs	n/a	Removed from programme. Approval given to reallocate funds to Ashford Spurs
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000	Approval for spend of full LGF allocation	Legal Agreement signed by Folkestone HB and will be sealed w/c 17th April 2017 to enable transfer of the first instalment of LGF funding. Viaduct and Swing Bridge works (B2) works have been delayed and are due for completion at the end of May 2017. Drop dead date for all work stages is 31st August 2017 for the Triannual event. Contractor (Graham Construction) has specified design deadlines to ensure that they can reach these dates.	M	Delayed programme, but works need to be completed before Folkestone Triennial in September 2017.	M	Slippage of LGF from 2016/17 to 2017/18
LGF00072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGF allocation	Outline design completed in January 2017, detailed design started in February 2017 and is scheduled for completion in May 2017. Public exhibition/stakeholder meetings held in February 2017 with review of feedback currently being undertaken and layout being finalised. Procurement plan agreed at SCB on 29 March 2017 with anticipated appointment of contractor in November 2017 with construction planned to start in March 2018 for 12 to 14 months.	L		L	
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGF allocation	The LGF allocation for the scheme was approved by SELEP Accountability Board on 24th February 17 with funding to be transferred to KCC in 2017/18, based on the profiled spend provided by Thanet DC. The funding agreement has been progressed by KCC Legal and is currently with Thanet DC legal team to review. A site visit will be arranged to view selected properties in Clintonville in May 2017 that form part of the project.	L		L	
LGF00086	Dartford Town Centre Transformation	Kent	4.300	Approval to be sought from future Board meeting.	KCC Cabinet Approvals given on 13th and 22nd March 2017 to proceed and enter into funding agreement with Dartford Borough Council to deliver the scheme. The funding agreement between KCC and DBC is currently being progressed and a meeting was held between KCC and DBC on 10th April 2017 to discuss the business case, programme delivery timescales and overall spend profile.	M	Project to be delivered by Dartford BC	M	
LGF00088	Fort Halsted	Kent	1.530	Approval to be sought from future Board meeting.	KCC Cabinet Approvals given on 22nd March 2017 to proceed and enter into funding agreement with Sevenoaks District Council to deliver the scheme.	L		L	
LGF00092	A2500 Lower Road	Kent	1.265	Approval to be sought from future Board meeting.	KCC Cabinet Approvals given on 13th March 2017 to proceed with scheme and enter into construction contracts. Work on business case has begun with aim to submit to SDG in June 2017 for decision by SELEP Accountability Board in September 2017 and allow acceleration of delivery. The procurement plan is scheduled for presentation at KCC Strategic Board in May 2017.	L		L	
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval to be sought from future Board meeting.	KCC Cabinet Approval given on 22nd March 2017 to proceed and enter into funding agreement with Canterbury Christchurch University Council to deliver the scheme. Aiming for a business case submission in September 2017.	L		L	

## Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from future Board meeting.	KCC Cabinet Approvals given on 13th March 2017 to proceed and enter into funding agreement to deliver the scheme. Highways England has confirmed that this scheme is one of a number that are being considered for the next competitive round of the Growth and Housing Fund. The announcement on 16 <sup>th</sup> March was based on the previous round of Growth and Housing Fund. KCC have requested a re-profile of £400k into 18/19 as unlikely to spend full allocation in 17/18, as largely design only predicted.	L		L	
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval to be sought from future Board meeting.	KCC Cabinet Approval given on 22nd March 2017 to proceed and enter into funding agreement with the Environment Agency to deliver the scheme. The funding agreement is currently being drafted between KCC and the EA.	L		L	
<b>Medway</b>									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	11.100	Approval for spend of full LGF allocation, but Business Case review required.	A consultant has been appointed to deliver the detailed design for the project and to supervise construction. The consultant will initially carry out a review of construction costs. Preliminary work is being undertaken to formally begin the land acquisition process. A consultant has been appointed to lead on the negotiation with land owners, and a legal firm has been selected to lead on the Compulsory Purchase Order process. The Business Case review will begin once the review of construction costs has been completed.	M	Substantial project delay in light of change of scope. Updated Business Case to be brought forward.	M	Slippage of LGF spend from 2016/17 to 2017/18
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	9.000	Approval for spend of full LGF allocation	Work has commenced on the detailed design for the town centre works. A consultant has been appointed to lead on the shop front improvements element of the project.	L	In progress	L	
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.000	Approval for spend of full LGF allocation	The detailed design for the route improvement scheme between the train station and the town centre is complete and a contractor has been appointed to deliver the works. Enabling works commenced in late January 2017 and the contractor will be on site from April 2017. Facade improvement works at The Brook Theatre are continuing, with completion expected by the end of the April 2017.	L	In progress	L	
LGF00021	Medway Cycling Action Plan	Medway	2.500	Approval for spend of full LGF allocation	Work has continued to construct new cycle routes as per the Cycling Action Plan document. A new route along the A289 from The Strand to Owens Way has been constructed and improvement work on the existing route through Riverside Country Park has been completed. Design work is continuing on other routes in preparation for construction before the end of 2017/18.	L	In progress	L	
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.000	Approval for spend of full LGF allocation	Phase 1 of the project is substantially complete. The new traffic signals (at the entrance to the westbound tunnel bore) are now operational, although testing is still underway to identify the most effective timing of the signals to offer the most benefit to users of Medway City Estate whilst causing minimal disruption on the remainder of the road network. Options for the use of the funding assigned to the phase 2 works will be considered once the impact of the phase 1 works has been assessed.	L	Phase 1 implementation predominantly complete.	L	
LGF00061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	Rochester Airport Ltd have split the planning application into two parts. An amendment to the original planning application was submitted in December 2016 and application was determined in March 2017 with planning consent being given. Rochester Airport Ltd are continuing to work on the EIA and planning application required for the paved runway and the control tower/hub in anticipation of planning application submission in late April 2017. Medway Council are engaging with the airport operator to identify ways to progress the project as quickly as possible following determination of the planning applications.	M	Issues with the planning application have caused delays to project delivery.	M	Substantial LGF slippage from 2016/17 to 2017/18.
LGF00089	Rochester Airport - phase 2	Medway	3.700	Approval to be sought from future meeting	Business case approval required.	M	Risk of delay to project delivery, as per phase 1	M	Risk of LGF slippage.
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500	Approval to be sought from future meeting	Business case approval required.	L		L	
<b>Southend</b>									
LGF00005	Southend Growth Hub	Southend	6.720	Approved in Part	Two phases to the project. First phase on track and due to spend the full LGF allocation this financial year. The second phase of the project will require a Change Request and slippage of LGF spend.	L	Phase 1 complete. BC for Phase 2 to be brought forward.	L	Phase 1 complete.
LGF00029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation to project	On track. Project due to complete by March 2017.	L	Complete	L	LGF spend in full
LGF00081	A127 Kent Elms Corner	Southend (re	4.300	Approval for spend of full LGF allocation to project	Some delay to scheme due to gas works but currently out to tender. Tender has been delayed but no delay to LGF spend anticipated. Project due to be completed in May 2017.	L	Being implemented	M	£1m LGF reprofiled from 2016/17 to 2017/18



Appendix 4 - Project Delivery and Risk Assessment

SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Overall Risk Assessment			
						Project Risk	Comment	LGF Spend Risk	Comment
LGF00082	A127 The Bell	Southend (re	4.300	Approval to be sought from future Board meeting	No LGF spend until 2017/18.	L		L	
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (re	8.000	Approval in Part	Spend in 2016/17 to support A127 Kent Elms Corner.	L		L	
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	Approval in Part	Improvements to Carnarvon Road / Victoria Avenue junction, Great Eastern Avenue / Victoria Avenue junction, East Street/ Victoria Avenue junction and part of the decluttering along Victoria Avenue completed March 2017. £200,000 to be carried over to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18	L	Being implemented	L	
LGF00057	Southend and Rochford Joint Area Action Plan	Southend	3.200	Approval for spend of full LGF allocation to project	s.106 now agreed and Phase 1 works fully committed and on site - progressing to programme.	L	Phase 1 complete	L	LGF spend in full
LGF00090	London Southend Airport Business Park	Southend	19.890	Approval to be sought at future Board meeting	Submission of Business Case at September 17 Accountability Board	L		M	Revised spend profile to be submitted alongside Business Case
<b>Thurrock</b>									
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	Phase 1 complete, amendments required from S3 safety audit	L	LGF funded works complete	M	LGF spend in full
LGF00046	Thurrock Cycle Network	Thurrock	5.000	Approval for spend of full LGF allocation	Tranche 1 consultation, feasibility and stage 1 safety audit complete. Detailed design nearing completion. Gearing up to start construction in Feb 2017.	L		M	LGF slippage 2016/17 to 2017/18
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500	Approval for spend of full LGF allocation	D&B contract awarded with gateway at end of stage 1	L		M	Phase 1 planning on spending in Q4 of 16/17 > tight programme. Phase 2 more complex and greater inherent risk.
LGF00052	A13 Widening - development	Thurrock	5.000	Approval to spend £5m on project development work	Tenders for detail design and construction contracts returned.	M		M	
LGF00056	Purfleet Centre	Thurrock	5.000	Approval for spend of full LGF allocation	Land acquisition continues. The Council is aiming to purchase via negotiation wherever possible so timescales are hard to define. A CPO will be pursued if required. Detailed design is nearing completion and submission of planning application is expected in the Summer.	L		H	Substantial re-profiling of LGF required between 2016/17 and 2017/18. Negotiations and land acquisition continues into 2017/18.
LGF00104	Grays South	Thurrock	10.840	Approval to be sought at future Board meeting	Business Case to be developed.	L	Timeframe largely determined by Network Rail processes	L	
LGF00084	A13 Widening	Thurrock (ret	66.057	Approval for spend of full LGF allocation	Excavated trial holes to locate high pressure gas mains to de-risk the project. Negotiated the dedication of land needed for the balancing pond. Extended the tender validity period to keep the tenders for detailed design and construction alive. DfT announcement 12/04/17 confirming funding for A13 Widening.	M		M	
<b>Centrally Managed Projects</b>									
LGF00001	Skills	Pan LEP	22.000	Final project to be approved on 26.05.2017	Final Business Case to be considered. Delays to claim for M	L		L	
LGF00071	M20 Junction 10a	Kent	19.700	Approval in part, subject to Highways England Value for Money assurance	Work continuing to progress on the Development Consent Order. Legal agreement being established to enable transfer of LGF to support development phase of the project.	M	Value for money risk. Approval for construction phase of project required by Highways England	L	



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/96
<b>Date of Accountability Board Meeting:</b>	26 <sup>th</sup> May 2017
<b>Date of report:</b>	15 <sup>th</sup> May 2017
<b>Title of report:</b>	Growing Places Fund update
<b>Report by</b>	Rhiannon Mort, SELEP Capital Programme Manager
<b>Enquiries to</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 To update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme.

## 2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1 **Note** the updated position on the Growing Places Fund programme

- 2.1.2 **Approve** the amended Growing Places Fund loan repayment schedule for Chatham Waterfront

## 3. SELEP Growing Places Fund investments

- 3.1 In total, £49.210m GPF was made available to SELEP, of which £48.705m GPF has been allocated to date. These allocations include 13 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1,244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Strategic Board.

- 3.2 The schedule of repayments for GPF projects is agreed within each credit agreement between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority. A copy of the expected repayment schedule is set out in Appendix 1.

- 3.3 Of the 13 capital infrastructure projects allocated GPF funding, GPF has now been drawn down and invested in 10 of these projects. The three projects which have been allocated GPF, but have not yet drawn down this investment are:

- 3.3.1 Harlow West Essex (£3.5m GPF)

3.3.2 Discovery Park (£5.3m GPF)

3.3.3 Live Margate (£5m GPF)

- 3.4 As agreed at Strategic Board on the 3<sup>rd</sup> March 2017, where existing LGF allocations are not drawn down and invested within reasonable timescales, then a further funding decision will be sought from the Board. As such, the progress on these existing GPF projects will be monitored and reported to the Board on a quarterly basis.
- 3.5 Since the last Strategic Board and update report to Accountability Board there has been substantial progress with the development of the Credit Agreements for the Harlow West Essex and Discovery Park projects. These two agreements are expected to be signed imminently.
- 3.6 No substantial progress has been evidenced for the investment of the £5m GPF allocation in the Live Margate project. A more detailed project update has been sought and which will be considered at the next Strategic Board on the 9<sup>th</sup> June, to ensure that clear steps are identified for the draw down and investment of the £5m GPF allocation to the project.

#### **4. Growing Places Fund Project Delivery**

- 4.1 The detail of GPF project delivery to date is shown in Appendix 2.
- 4.2 Eight GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. To date, it is reported that 858 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix 3. However, it is expected that the project benefits extend beyond the direct job creation and housing benefits captured through the current reporting.
- 4.3 Repayments are now being made from this initial GPF investment; totalling £4.655m. There are eight projects which have made repayments to date, including Chelmsford Urban Expansion project which has now repaid the £1m GPF loan in full.

#### **5. Chatham Waterfront Development**

- 5.1 At the last Board meeting, the Board approved the amended re-payment schedule for North Queensway and Priory Quarter projects. A request has also now come forward in relation to Chatham Waterfront.
- 5.2 The Board is asked to **approve** the amended re-payment schedule, as shown in Table 1 for the Chatham Waterfront project.

*Table 1 Amended GPF loan re-payment schedule (£m)*

	Repayments Schedule (£m)				
	2019/20	2020/21	2021/22	2022+	Total
Original	2.999				<b>2.999</b>
Revised	1.000	1.000	0.999		<b>2.999</b>
<b>Movement</b>	<b>-1.999</b>	<b>1.000</b>	<b>0.999</b>	<b>0.000</b>	<b>0.000</b>

- 5.3 Table 1 above shows the delayed repayment of GPF by £1,999,000 in 2019/20, with this repayment being delayed to 2020/21 (£1,000,000) and 2021/22 (£999,000).
- 5.4 The project Business Case set out intention for GPF to be invested in land assembly, flood mitigation measures and the creation of public space. These site enabling works were required to unlock the Chatham Waterfront Development proposal.
- 5.5 Upon the sale of the development sites, it was intended that the GPF loan would be repaid. However, whilst the site enabling works are now complete and the £2.999m GPF has been invested in full, delays were experienced in delivering these works due to difficult third party land owner negotiations and delays from the Environment Agency on agreeing a way forward for protecting the site against flooding.
- 5.6 The site enabling works were completed in advance of a developer having been identified in order to make the re-development of the site commercially viable and marketable.
- 5.7 On the 15<sup>th</sup> March 2017, the site was granted outline planning permission and is now being marketed, to enable developers to come forward with development proposals for the site.
- 5.8 Subject to market appetite, legal agreements and determination of a detailed planning application for the actual development, the initial draw down of the profit/capital receipt is likely to begin in late 2019/20. As a result, repayment of the loan in full in 2019/20 is no longer feasible. The Board's approval is therefore sought to agree the amended re-payment schedule, as set out in Table 1 above.
- 5.9 A decision by the Board to agree the delayed re-payment of GPF will impact on the availability of GPF for re-investment.
- 5.10 At the last Strategic Board, it was agreed that the GPF loan re-payments would be re-invested as a continued recycle loan scheme. The decision to delay the repayment of the GPF loan for the Chatham Waterfront project will

reduce the amount of GPF which can be reinvested across SELEP over the next four years.

- 5.11 There is also a risk that should no suitable developer come forward or if detailed planning permission cannot be secured within the required timescales, Medway Council will not be able to make re-payments as per the amended schedule. If this risk materialises, this will have further adverse impacts on the availability of GPF for recycling to new development opportunities.

## **6. Financial Implications (Accountable Body Comments)**

- 6.1 It is understood that proposals are being developed to present to Strategic Board with regard to the reinvestment of GPF; the Accountable Body support the implementation of a transparent and proportionate approach for reinvesting the GPF in line with the requirements of the Assurance Framework.
- 6.2 The planned delay in repayment of the Chatham Waterfront Development project will reduce the amount available for reinvestment in 2019/20.
- 6.3 It should also be noted that delayed repayments on investments made on an interest-free basis will further erode the true value of the fund over time; this presents a risk to the on-going sustainability of the fund as a recyclable loan scheme.
- 6.4 The Accountable Body will continue working with the SELEP secretariat to provide support and advice with regard to monitoring repayments on-going and the plans for reinvesting the funds.

## **7. Legal Implications (Accountable Body Comments)**

- 7.1 The credit agreement in place with Medway for the Chatham Waterfront project will need to be amended in line with the revised repayment schedule, if approval from the Board is obtained.

## **8. Staffing and other resource implications (Accountable Body Comments)**

- 8.1 None

## **9. Equality and Diversity implications (Accountable Body Comments)**

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

9.3 In the course of the development of the Project business case, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  <b>On behalf of Margaret Lee</b>	  18.05.2017

## 10. List of Appendices

- 10.1 Appendix 1 – Growing Places Fund repayment schedule
- 10.2 Appendix 2 – Growing Places Fund Project Summary
- 10.3 Appendix 3 – Benefit Realisation

## 11. List of Background Papers

- 11.1 None

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**





**South East LEP  
Growing Places Fund Repayment Schedule**

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid to Date
Revenue admin cost drawn down	n/a	2	2	
Harlow EZ Revenue Grant	n/a	1,244	1,006	n/a
Priory Quarter Phase 3	East Sussex	7,000	7,000	65
North Queensway	East Sussex	1,500	1,500	1,000
Rochester Riverside	Medway	4,410	4,410	-
Chatham Waterfront	Medway	2,999	2,999	-
Bexhill Business Mall	East Sussex	6,000	6,000	225
Parkside Office Village	Essex	3,250	3,250	1,620
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000
Grays Magistrates Court	Thurrock	1,400	1,400	500
Sovereign Harbour	East Sussex	4,600	4,600	25
Workspace Kent	Kent	1,500	1,437	220
Harlow West Essex	Essex/Harlow	3,500	-	-
Discovery Park	Kent	5,300	-	-
Live Margate	Kent	5,000	-	-
<b>Totals</b>		<b>48,705</b>	<b>34,604</b>	<b>4,655</b>

2017/18 total	2018/19 total	2019/20 total	2020/21 total	2021/22 total	Total
				-	-
-	-	-	-	-	-
65	735	735	5,400	-	7,000
500	-	-	-	-	1,500
110	130	1,650	2,520	-	4,410
-	-	2,999	-	-	2,999
300	500	4,975	-	-	6,000
1,630	-	-	-	-	3,250
-	-	-	-	-	1,000
300	300	300	-	-	1,400
200	300	475	400	3,200	4,600
148	448	508	112	-	1,437
-	-	-	-	-	-
-	-	-	-	-	-
<b>3,253</b>	<b>2,413</b>	<b>11,642</b>	<b>8,432</b>	<b>3,200</b>	<b>33,596</b>



## Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Priory Quarter Phase 3	East Sussex	Provision of 2,323 sqm of high quality office premises at Priory Quarter in Hastings town centre to meet the needs of expressed private sector employer interest wishing to expand their operation in the town.	Round 1	GPF invested and project complete. Repayments are scheduled to start, but are expected to be delayed, as detailed in the report.	7,000					
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	Round 1	GPF invested and project complete. £1m GPF has been repaid. Repayment of the remaining £0.5m has been delayed, as agreed by the Board in March 2017.	1,500					
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	Round 1	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	4,410					
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for Chatham Waterfront Development.	Round 2	GPF invested and project being delivered. Outline planning application has been submitted for the development. Still awaiting decision but looking to market the site in 2017. Delay to repayment schedule, as detailed in the report.	2,999					
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	Round 3	GPF invested, project complete and repayments are being made	6,000					
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	Round 1	GPF invested, project complete and repayments are being made	3,250					

## Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	Round 1	GPF invested, project complete and GPF has been repaid in full.	1,000					
Grays Magistrates Court	Thurrock	Conversion of the Magistrates Court into office accommodation	Round 3	GPF invested, project complete and repayments are being made	1,400					
Sovereign Harbour	East Sussex			GPF invested, project complete and repayments expected to start.	4,600					
Workspace Kent	Kent	Contribution to a challenge fund co-financed by Kent County Council and GPF, to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to bring forward business premises that would otherwise not be developed in the current economic circumstances.	Round 2	GPF invested, project complete and repayments expected to start.	1,500					
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Round 1	Working to completion of agreements	3,500					
Discovery Park	Kent			Working to completion of agreements	5,300					
Live Margate	Kent	A self sustaining cycle of investment and re-investment that will regenerate the housing market in Margate through the development of existing homes dominated by poor quality, multi occupied, poorly managed private homes and replacing it with a quality balanced mixed tenure offer	Round 1	Working to completion of agreements	5,000					
Revenue admin cost drawn down	n/a			n/a	2					

**Growing Places Fund Update Appendix 1 - Summary Position**

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Harlow EZ Revenue Grant	n/a			n/a	1,244					
<b>Totals</b>					<b>48,705</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>1</b>



## Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Current Status	Outputs defined in Business Case		Outputs delivered to date		
		Jobs	Houses	Jobs	Houses	Other
Priory Quarter Phase 3	GPF invested, project complete and repayments are being made	440	0	67		The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. Once fully let the building is still forecast to create the 440 jobs in the business case.
North Queensway	GPF invested, project complete and repayments are being made	6	0	0	0	
Rochester Riverside	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	402	450	0	0	
Chatham Waterfront	GPF invested and project being delivered. Outline planning application has been submitted for the development.	211	159	0	0	River Walk - Improvements to approximately 600m of pedestrian footpath have been made. Chatham Big Screen - Installation of a large digital screen for local and national news, events, entertainment and culture, adjacent to Chatham Waterfront Development Site. Sun Pier pontoon, phase 1 - Improvement works to Sun Pier Pontoon.
Bexhill Business Mall	GPF invested, project complete and repayments are being made	299	0	125	0	The Bexhill Business Mall (Glover's House) project is now complete and has delivered 2345sqm of high quality office space. The building is 100% let to a single occupier and has currently provided space for 125 jobs.
Parkside Office Village	GPF invested, project complete and repayments are being made	169		120		Parkside Office Village Phase 1 1100 sq ft of lettable space (completed June 2014). University are 100% let or under offer.  Parkside Office Village Phase 1a 3,743 sq ft of lettable space (completed September 2016). 100% let.

## Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Current Status	Outputs defined in Business Case		Outputs delivered to date		
		Jobs	Houses	Jobs	Houses	Other
Chelmsford Urban Expansion	GPF invested, project complete and GPF has been repaid in full.	2,105		365		
Grays Magistrates Court	GPF invested, project complete and repayments are being made	200		69		1879 sq. m. of refurbished office accommodation and business space has been delivered. Refurbishment work was completed in December 2015. Since that date take up of office units has been in line with the targets that were set at the outset and in September 2016 the number of people employed on site was 38 with 5 virtual tenants.
Sovereign Harbour	GPF invested, project complete and repayments expected to start.	299		55		The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2345sqm of high quality office space. This is currently 37% let with over 126 enquiries recieved since opening.
Workspace Kent	GPF invested, project complete and repayments expected to start.	183		57	0	Maidstone Studios Hub and The Folkestone Business Hub CIC have been delivered. The Capital Enterprise Centres hub has secured planning permission and GFP due to be defrayed.
Harlow West Essex	Working to completion of agreements	4,000	1,200	0	0	
Discovery Park	Working to completion of agreements	130	0	0	0	
Live Margate	Working to completion of agreements	0	66	0	0	
<b>Totals</b>		<b>8,444</b>	<b>1,875</b>	<b>858</b>	<b>0</b>	



<b>Report to Accountability Board</b>	<b>Forward Plan reference numbers:</b> FP/AB/98 FP/AB/99
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>5<sup>th</sup> May 2017</b>
<b>Title of report:</b>	<b>Provisional Revenue Outturn 2017/18</b>
<b>Report by:</b>	<b>Suzanne Bennett</b>
<b>Enquiries to:</b>	<a href="mailto:suzanne.bennett@essex.gov.uk">suzanne.bennett@essex.gov.uk</a>

## 1. Purpose of report

1.1 The purpose of this report is to inform the Accountability Board (the Board) of the provisional final position of the South East LEP revenue spending for financial year ended 31<sup>st</sup> March 2017. This position is provisional as the accounts will be subjected to external audit scrutiny and may be changed. The spending in year was less than the received income and as a result a request for approval for a contribution to the general reserve is made.

## 2. Recommendations

2.1 Board is asked to:

2.1.1 **Approve** the final provisional outturn for the all South East LEP revenue budgets for 2016/17 at Tables 1, 2, 3, 4, 5, 6 and 7, and

2.1.2 **Approve** the contribution of **£132,000** to reserves

## 3. Background

3.1 Table 1 overleaf details the total revenue spend by the SELEP in financial year 2016/17. In addition to the Secretariat budget, this table includes all specific revenue grants such as Growing Places Fund and Transport: Delivery Excellence.

3.2 The expenditure budget was underspent by £72,000 and income over-recovered by £91,000, the result of which is a variance against budget of £163,000; however, the budgeted position was for a deficit of £31,000 to be met from reserves, which, when taken into account, results in a surplus position of £132,000.

3.3 The movement from the planned deficit of £31,000 to a surplus of £132,000 is detailed in Table 2, also overleaf. The main variance is the repayment to the LEP of 2015/16 unspent Growth Hubs grants in line with the grant agreements. A total of £115,000 was repaid and this was agreed to be used to fund additional pieces of work that would be to the benefit of all Growth Hubs within SELEP. There was spend of £17,000 in 2016/17. The remaining £98,000 is being requested to be contributed to reserves as part of the £132,000 total contribution. As part of the Quarter 1 Financial Report which is due to be presented to the next Board meeting, approval will be requested to bring

this funding forward into 2017/18 for full utilisation on one-off pieces of work that are to the benefit of all Growth Hubs.

**Table 1 - SELEP Provisional Outturn Position Consolidated Revenue Budgets**

	Actual £000	Budget £000	Variance £000	Variance %
Staff salaries and associated costs	384	414	(30)	-7.2%
Staff non salaries	23	18	5	27.8%
Recharges (incl. Accountable Body)	149	156	(7)	-4.5%
<b>Total staffing</b>	<b>556</b>	<b>588</b>	<b>(32)</b>	<b>-5.4%</b>
Meetings and admin	65	66	(1)	-1.5%
Chairman's allowance	20	20	-	0.0%
Consultancy and sector support	1,211	1,250	(39)	-3.1%
<b>Total other expenditure</b>	<b>1,296</b>	<b>1,336</b>	<b>(40)</b>	<b>-3.0%</b>
<b>Total expenditure</b>	<b>1,852</b>	<b>1,924</b>	<b>(72)</b>	<b>-3.7%</b>
Grant income draw down	(1,423)	(1,487)	64	4.3%
Other income	(121)	-	(121)	0.0%
Contributions from partners	(200)	(200)	-	0.0%
External interest received	(240)	(206)	(34)	-16.5%
<b>Total income</b>	<b>(1,984)</b>	<b>(1,893)</b>	<b>(91)</b>	<b>-4.8%</b>
<b>Net expenditure</b>	<b>(132)</b>	<b>31</b>	<b>(163)</b>	<b>-525.8%</b>
<b>Contributions to/(from) reserves</b>	<b>132</b>	<b>(31)</b>	<b>163</b>	<b>-525.8%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

**Table 2 – Movement from Quarter 3 Forecast**

	£000
<b>Quarter 3 Forecast - deficit/(surplus)</b>	<b>31</b>
Net carry forward of unspent Growth Hub grant	(98)
SEP costs slipped to 17/18	(25)
SFA contribution	(5)
Staffing delays	(30)
Other small variances	(5)
<b>Final position - deficit/(surplus)</b>	<b>(132)</b>

3.4 The refresh of the Strategic Economic Plan has been delayed and now the full costs will sit in 2017/18. The underspend is requested to be contributed to reserves and further approval will be sought in in the Quarter 1 2017/18 Report to draw this funding down into 2017/18 and be fully utilised.

3.5 The Skills Funding Agency (SFA) paid out a 'grant' of £5,000 at the very end of 2016/17. These monies are to be distributed proportionally to each local area. However, it was paid from the SFA without a grant offer letter or determination and can only be treated as a contribution rather than a grant. As above, approval is sought here to include this amount in the contribution to

reserves from the 2016/17 surplus, with further approval to be sought at Quarter 1 2017/18 report to Board to draw down and utilise in 2017/18.

- 3.6 Delays in recruitment have created a variance from Quarter 3 forecast position. Again approval is sought to include this amount in the surplus to be contributed to reserves and further approval will be sought for utilisation in 2017/18.
- 3.7 Along with the planned drawdown in 2017/18 of £121,000, it is currently forecast that the reserve would be at the agreed holding value of £100,000 by 31 March 2018.
- 3.8 If the contribution is not approved, the reduced available funds in the reserve would adversely impact in 2016/17 and the activities outlined in the paragraphs above.
- 3.9 The expenditure variance is mainly due to delays in staff recruitment, Harlow District Council claiming less revenue grant than budgeted for the year and delays to the start of the refresh of the SEP. Further details on Harlow Revenue Grant can be found in paragraph 3.20 below.
- 3.10 The variance on income is mostly due to the federated areas unused Growth Hub grant from 2015/16 being repaid in line with the grant agreements, as detailed above, and external interest receipts being higher than originally assumed due to changes in the cash flow. Further details can be found in the detailed individual areas below.

### **Secretariat Budget**

- 3.11 Table 3 overleaf details the provisional outturn position for the SELEP Secretariat budget. The salaries budget has been underspent due to delays in staff recruitment. The recharge budget is underspent as it was originally assumed that no recharges could be made to the GPF budget as all GPF would be subsumed into SEFUND. However, following the Board decision not to take SEFUND forward, it was decided that a proportion of the Accountable Body costs should be recharged to GPF as in previous years and therefore there is an offsetting overspend on the GPF budgets.
- 3.12 As detailed in the GPF section below, due to the increase in external interest receipt it has not been necessary to use the GPF Revenue Grant to support these costs.
- 3.13 The underspend on the Staffing Recharges was planned to be partly offset against the 2016/17 costs of the refresh of the Strategic Economic Plan (SEP). However, there have been necessary delays in the start of this piece of work and therefore all costs will now be incurred in 2017/18. The increased contribution to reserves will allow this work to be funded in 2017/18.
- 3.14 The Other Income budget line has actuals of £120K against a zero budget. £115K of this is repayment of the Growth Hubs Grant from 2015/16 that wasn't utilised in local areas. There were delays in the first year of the Growth Hubs programme that prevented progress in local areas at the pace that was originally forecast. It was agreed by the Growth Hubs Steering Group that this underspend would be pooled to be spent on cross-cutting Growth Hub issues that would be collectively agreed by the Steering Group and would be for the benefit of all areas. In 2016/17 £17,000 was spent and the remaining £98,000 will be carried forward via the general reserve for application in 2017/18, again restricted to Growth Hub support that benefits all of the Growth Hubs.

**Table 3 – Provisional Outturn Position Secretariat Budget**

	Actual £000	Budget £000	Variance £000	Variance %
Staff salaries and associated costs	384	414	(30)	-7.2%
Staff non salaries	23	18	5	27.8%
Recharges (incl. Accountable Body)	99	156	(57)	-36.5%
<b>Total staffing</b>	<b>506</b>	<b>588</b>	<b>(82)</b>	<b>-13.9%</b>
Meetings and admin	64	66	(2)	-3.0%
Chairman's allowance	20	20	-	0.0%
Consultancy and sector support	281	263	18	6.8%
<b>Total other expenditure</b>	<b>365</b>	<b>349</b>	<b>16</b>	<b>4.6%</b>
<b>Total expenditure</b>	<b>871</b>	<b>937</b>	<b>(66)</b>	<b>-7.0%</b>
Grant income draw down	(500)	(500)	-	0.0%
Other income	(120)	-	(120)	0.0%
Contributions from partners	(200)	(200)	-	0.0%
External interest received	(183)	(206)	23	11.2%
<b>Total income</b>	<b>(1,003)</b>	<b>(906)</b>	<b>(97)</b>	<b>-10.7%</b>
<b>Net expenditure</b>	<b>(132)</b>	<b>31</b>	<b>(163)</b>	<b>-525.8%</b>
<b>Contributions to/from reserves</b>	<b>132</b>	<b>(31)</b>	<b>163</b>	<b>-525.8%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

- 3.15 The overspend on consultancy is due to the Growth Hub spend detailed above and is offset by the income from the repayment of the grant.
- 3.16 The additional £5,000 variance on the Other Income line is due a £5,000 'grant' paid to SELEP by the Skills Funding Agency (SFA) at the very end of 2016/17. Whilst the SFA have termed this as a grant, it has been issued without a grant letter or grant determination, therefore it must be treated a contribution rather than a grant. As such, the only way to bring this funding forward for allocation to local areas in financial year 2016/17 is for it to be part of the contribution to the general reserve and drawn down in 2017/18. This amount of contribution will be ring-fenced and allocated in early 2017/18.
- 3.17 The external interest line is showing an under-recovery of £23,000. This is because part of the interest receipt has been applied to the GPF budget to cover administration costs there rather than drawing down additional amounts from the GPF Revenue Grant. The total external interest receipt was actually £34,000 higher than budgeted as the Accountable Body held higher values of cash on behalf of the SELEP than assumed at budget setting time.
- 3.18 The higher levels of cash held are mainly due to further delays in GPF payments while other GPF projects have been making repayments. A new GPF Project round is due to open soon which will reduce balances held in future.

## Growing Places Fund Revenue Budget

3.19 Table 4 below details the Growing Places Fund (GPF) Revenue Budget provisional outturn position.

**Table 4 – Provisional Outturn Position Growing Places Fund Revenue Budget**

	Actual £000	Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	50	-	50	0.0%
<b>Total staffing</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>0.0%</b>
Meetings and admin	6	-	6	0.0%
Consultancy and sector support	217	255	(38)	-14.9%
<b>Total other expenditure</b>	<b>223</b>	<b>255</b>	<b>(32)</b>	<b>-12.5%</b>
<b>Total expenditure</b>	<b>273</b>	<b>255</b>	<b>18</b>	<b>7.1%</b>
Grant income draw down	(217)	(255)	38	0.0%
External interest received	(56)	-	(56)	0.0%
<b>Total income</b>	<b>(273)</b>	<b>(255)</b>	<b>(18)</b>	<b>-6.6%</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

- 3.20 As detailed above, following the Board decision not to proceed with the SEFUND project, it was decided that part of the Accountable Body costs would be recharged to the GPF as in previous years which has resulted in an overspend of £50,000 against the recharges line.
- 3.21 Harlow Enterprise Zone had £255,000 available for drawdown in GPF revenue grant support in this financial year. This was a combination of the originally planned allocation of £200,000 for the year plus the accumulated carried forward of underspends on grant from previous years. The original agreement ring-fenced £1 million of funding over a five year period. £217,000 of funding was utilised in year and the balance will be brought forward to the final year of the funding agreement. In total Harlow District Council will have access to £238,000 in 2017/18 as detailed in the Specific Grants report.
- 3.22 The variance for the decrease in grant claims paid out is offset by the drawdown of grant also being reduced and so has a net zero effect on the total revenue budget.
- 3.23 As there was a surplus on revenue spending in this financial year it was decided to apply part of the external interest receipt to cover the £56,000 administration costs on the GPF revenue budget rather than utilising the GPF grant. This means that there will be more grant available for sector support in future years. More detail on the GPF Revenue Grant can be found in the Specific Grants report, also on the agenda for consideration at today's meeting.

## Other Specific Grants

- 3.24 The provisional outturn position for the Growth Hubs specific grant can be found at Table 5 overleaf. In 2016/17 the Growth Hub expenditure was £2,000 more than originally budgeted. This

does not include the additional spend funded from the unspent 2015/16 monies which is detailed at paragraph 3.13.

**Table 5 – Growth Hubs Specific Grant**

	Forecast £000	Budget £000	Variance £000	Variance %
SELEP central hub costs	59	57	2	3.5%
Grant to Southend for BEST Hub	253	253	-	0.0%
Grant to Kent for Kent and Medway Hub	233	233	-	0.0%
Grant to East Sussex for BES Hub	113	113	-	0.0%
<b>Total expenditure</b>	<b>658</b>	<b>656</b>	<b>2</b>	<b>0.3%</b>
Grant income draw down	(656)	(656)	-	0.0%
External interest received	(2)	-	(2)	0.0%
<b>Total income</b>	<b>(658)</b>	<b>(656)</b>	<b>(2)</b>	<b>-0.3%</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

- 3.25 The Growth Hubs are entirely funded through specific grant from the Department of Business, Energy and Industrial Strategy (BEIS). There are now fully-functioning Growth Hubs covering the entire SELEP area and all the grant has been utilised in year with a slight overspend. The overspend has been funded through the external interest receipt.
- 3.26 Further detail on the specific grant for Growth Hubs in 2017/18 can be found in the Specific Grants report but it should be noted that as it stands, the Government grant funding for Growth Hubs will end at March 2018.
- 3.27 It should be noted that the Growth Hubs in Kent and Medway and East Sussex are also supported through a grant of legacy funds that remained following the dissolution of the South East Economic Development Agency. These funds are not available to the BEST Growth Hub that covers the SELEP area north of the River Thames.
- 3.28 Table 6 below details the spend against the Transport Specific Grant. This grant was awarded by the Department for Transport (DfT) to LEPs in financial year 2013/14 to allow them to provide support to the Local Transport Boards (LTB) in their prioritisation work. Following the demise of the LTB, the funds have been available to support other revenue costs that SELEP may incur in ensuring the best transport projects are selected. The grant was used this year to support part of the costs of the Independent Technical Evaluator. This grant is now fully utilised and no funding remains.

**Table 6 – Transport Specific Grant**

	Actual £000	Budget £000	Variance £000	Variance %
Consultancy	33	33	-	0.0%
<b>Expenditure</b>	<b>33</b>	<b>33</b>	<b>-</b>	<b>0.0%</b>
Grant income draw down	(33)	(33)	-	0.0%
<b>Total income</b>	<b>(33)</b>	<b>(33)</b>	<b>-</b>	<b>0.0%</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

3.29 In further recognition of the additional work required of LEPs in managing the Local Growth Funds, the DfT has also made available the Transport: Delivery Excellence (TDE) grant programme. This grant has allowed SELEP to work with Local Partnerships (the joint venture consultancy firm devised by HM Treasury and the Local Government Association to support the delivery of investment in local infrastructure and local services) to devise better processes and to ensure best practice programme delivery. As seen Table 7 below, not all the available £43,000 grant was utilised in year. Under the terms of the grant the balance is able to be carried forward to 2017/18.

**Table 7 – TDE Specific Grant**

	Actual £000	Budget £000	Variance £000	Variance %
Consultancy	18	43	(25)	-58.1%
<b>Expenditure</b>	<b>18</b>	<b>43</b>	<b>(25)</b>	<b>-58.1%</b>
Grant income draw down	(18)	(43)	25	0.0%
<b>Total income</b>	<b>(18)</b>	<b>(43)</b>	<b>25</b>	<b>138.9%</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

#### 4. Financial Implications

4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.

#### 5. Legal Implications

5.1 None at present.

#### 6. Staffing and other resource implications

6.1 None at present.

#### 7. Equality and Diversity implications

7.1 None at present.

**8. List of Appendices**

8.1 None.

**9. List of Background Papers**

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	15.05.2017
On behalf of Margaret Lee	



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/100
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>9<sup>th</sup> May 2017</b>
<b>Title of report:</b>	<b>Specific Grants 2017/18</b>
<b>Report by:</b>	<b>Suzanne Bennett</b>
<b>Enquiries to:</b>	<a href="mailto:suzanne.bennett@essex.gov.uk">suzanne.bennett@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 The purpose of this report is to inform the Accountability Board (the Board) of specific revenue grants available for utilisation in financial year 2017/18 and to request the Board's approval for the setting of budgets for each grant.

## 2. Recommendations

- 2.1 Board is asked to:

- 2.1.1 **Approve** the budgets and grant drawdowns as detailed in tables 1 through 7 below.
- 2.1.2 **Note** the grants available and the restrictions to those grants where applicable.

## 3. Background

- 3.1 As indicated in the budget report to Board in March, a number of specific revenue grants are made available to SELEP as Government seeks to support the Partnership in specific areas of work. As grant offer letters and determinations were not supplied until towards the end of March, it was not possible to include these grants within the general budget setting report and therefore approval is now sought for the drawdown and spend of these grants.

- 3.2 Currently there is a total of six grants available in 2017/18, they are:

- Core funding for the Secretariat
- Growing Places Fund – Revenue
- Enterprise Zone Commercial Funding
- Growth Hubs
- Transport: Delivery Excellence
- Enterprise Co-ordinator Funding

- 3.3 Details on each individual grant can be found below, along with the budget requested to be set for each grant.

- 3.4 In total it is expected that almost £2.2 million will be draw down and utilised in year. This will be funded from receipts in year of £1.4 million and a £0.8 million draw down of funds held from earlier years. The summary of grant movements can be found in Table 1 below.

**Table 1 – Summary of Specific Grant Movement for 2017/18**

Name of Grant	Core Funding £'000	GPF Revenue £'000	EZ Commercial Funding £'000	Growth Hubs £'000	TDE Funding £'000	Co-ordinator Funding £'000	Total £'000
Brought forward (April 2017)	-	(2,725)	(27)	-	(26)	-	<b>(2,778)</b>
Additional receipts expected in year	(500)	-	-	(656)	-	(236)	<b>(1,392)</b>
Draw downs planned in year	500	739	27	656	26	236	<b>2,184</b>
<b>Balance to carry forward (March 2018)</b>	-	<b>(1,986)</b>	-	-	-	-	<b>(1,986)</b>

**Core Funding**

- 3.5 The Department for Business, Energy and Industrial Strategy (BEIS) makes available grants to support Secretariats of Local Enterprise Partnerships. This funding requires a 50% match to be made, which is provided through a cash match of £200,000 contribution from Local Authority partners and £50,000 in non-cash match through Board member time. LEPs have to bid for this funding on an annual basis and as in previous years it has been a fixed value for all LEPs regardless of size.
- 3.6 We have now had confirmation that our bid for 2017/18 was successful and the funds have been transferred; currently there is no commitment to further funding in future financial years. SELEP and the Accountable Body will continue to lobby Government for multi-year commitments and for funding levels to reflect the relative disparities in size of LEPs.
- 3.7 It is planned that the full value of the grant awarded in year will be drawn down and utilised to support the general SELEP budget as agreed by Accountability Board at their meeting on 31<sup>st</sup> March 2017
- 3.8 Board is asked to approve the drawdown of £500,000.

**Table 2 – LEP Core Funding**

Core Funding	£000
<b>Expenditure</b>	
Spend as per Secretariat budget	500
<b>Income</b>	
Grant draw down	(500)
<b>Net position</b>	-

**Growing Places Fund Revenue**

- 3.9 When the original GPF award was made in 2011/12 by the Department of Communities and Local Government (DCLG), an element of revenue was included alongside the capital grant. The total original revenue award was £3.7 million.
- 3.10 In the intervening period an award of £1.245 million revenue was made by the then SELEP Board to Harlow District Council to support the Harlow Enterprise Zone. This was made up of a grant of £245,000 to cover set up costs and £200,000 per year for five years to support administrative costs in the early years of the functioning of the Enterprise Zone.
- 3.11 2017/18 is the final year that Harlow District Council is able to access this funding. There is £239,000 remaining funding available to be drawdown in the year. Harlow District Council claim the

funding retrospectively and provides evidence to ensure only those costs agreed by the Board in the original approval are claimed.

- 3.12 At the start of 2017/18 £2.7 million of GPF grant was still remaining. In previous years it was assumed that the remaining revenue element of the grant, less any outstanding amounts committed to Harlow District Council, would transfer to the SEFUND vehicle. Given that SEFUND is no longer being taken forward, a proposal was made to, and agreed by, the Strategic Board that this funding would be used to support specific sectoral bids from across the SELEP.
- 3.13 A paper is being presented to the June meeting of the Strategic Board to agree how this funding will be allocated but the maximum value of support to be offered in this year is proposed to be capped at £500,000. This will allow further support to be offered in future years.
- 3.14 The budget and proposed draw down has been set on that basis; should Strategic Board require a different value this will be reflected in the next report to the Board. Any bids will have to fit with the criteria agreed by Strategic Board in June to be awarded any monies.
- 3.15 Board is asked to approve the budget for the GPF Revenue Grant and the drawdown of £739,000

**Table 3**

<b>GPF Revenue</b>	<b>£000</b>
<u>Expenditure</u>	
Harlow EZ Support	239
Other Sector Support	500
<b>Total Expenditure</b>	<b>739</b>
<u>Income</u>	
Grant draw down	(739)
<b>Net position</b>	<b>-</b>

**Enterprise Zone Commercial Funding**

- 3.16 In 2016/17 the DCLG made available some funding to support the latest round of Enterprise Zones. This funding is focussed upon Enterprise Zones being able to buy in support to build their commercial offer.
- 3.17 The DCLG indicated that they would distribute this funding via LEP Accountable Bodies as they preferred to deal directly with Local Authorities and in the case of some Enterprise Zones that would not be the case if the funding went directly. This means that this money will be passported through SELEP/Essex County Council (ECC) (as the Accountable Body) directly to the relevant Local Authorities who bid for support, in this case Medway Council and Maidstone Borough Council.
- 3.18 The monies were received by ECC in March 2017 but couldn't be spent until financial year 2017/18 and so the monies will be passed to the relevant authorities in quarter 1 of this year. Grant agreements will be put into place to allow the transfer of this funding.
- 3.19 Further bidding rounds are due to be open later this year. The funding is required to be matched and the relevant authorities involved in the North Kent Enterprise Zone are discussing whether future bids will be made. This funding is not open to the Enterprise Zones from earlier rounds.
- 3.20 Board is asked to approve the budget for the EZ Commercial Funding Grant and the drawdown of £27,000

**Table 4**

<b>EZ Commercial Funding</b>	<b>£000</b>
<u>Expenditure</u>	
Payments to Medway/Maidstone	27
<u>Income</u>	
Grant draw down	(27)
<b>Net position</b>	<b>-</b>

**Growth Hubs**

- 3.21 As in the previous two financial years, BEIS has again made available funding for Growth Hubs. This funding was agreed in principle on a two-year basis in March 2016, but final confirmation that the value would remain at £656,000 for this financial year wasn't issued until March 2017.
- 3.22 In line with the allocation methodology agreed for Growth Hubs by Strategic Board at its meeting on 20 March 2015, £600,000 will transfer to local areas to support the running of the three local Growth Hubs and £56,000 will be used to support the central virtual Growth Hub that is required by BEIS.
- 3.23 The grant is paid to SELEP in quarterly instalments and then passed to partners. The full amount of grant was utilised in 2016/17 and is expected to be utilised again this year. BEIS have made clear that they will clawback any unspent monies and the grant is subject to full audit each year.
- 3.24 It should be noted that there is no further funding committed beyond March 2018. Government has signalled their intention that Growth Hubs should be moved to a 'self-sustaining' model whilst remaining a free at point of use service to businesses in the local areas. Work is ongoing with both the local partners and across the national Growth Hub grouping to identify how this could be done, along with lobbying of Government for funding to be tapered out rather than the continuing with the cliff-edge approach that is currently planned.
- 3.25 Further updates on this and potential operating models will be given to the Strategic Board over the coming year.
- 3.26 Board is asked to approve the Budget for the Growth Hub Revenue Grant and the drawdown of £656,000

**Table 5**

<b>Growth Hubs</b>	<b>£000</b>
<u>Expenditure</u>	
Payments to Local Growth Hubs	600
Central Growth Hub costs	56
<b>Total Expenditure</b>	<b>656</b>
<u>Income</u>	
Grant draw down	(656)
<b>Net position</b>	<b>-</b>

### **Transport: Delivering Excellence Grant**

- 3.27 As the Local Growth Deals were being rolled out, the Department for Transport (DfT) recognised that support was needed in local areas to ensure that best practice was adopted for the management of the programmes across LEPs.
- 3.28 To enable LEPs to fund some support in developing their programme management the Transport: Delivery Excellence (TDE) Grant was established. In 2015/16 and 2016/17 SELEP has worked with the consultancy Local Partnerships (a joint venture between HM Treasury and the Local Government Association) who were leading the drive for best practice across the country.
- 3.29 As at 31<sup>st</sup> March 2017, £26,000 of grant remains unspent. £15,000 of that is already committed to work underway but not yet delivered by Local Partnerships. The remaining £11,000 will be used to support further developments of the LGF programme management and the Programme Manager will be considering how this can be best achieved with the small amount of funding left available. It is expected the full amount will be spent in year.
- 3.30 The Board is asked to approve the budget for the Transport: Delivering Excellence Grant and the drawdown of £26,000

**Table 6**

<b>TDE Grant</b>	<b>£000</b>
<u>Expenditure</u>	
Committed to date	15
Support to LGF programme	11
<b>Total Expenditure</b>	<b>26</b>
<u>Income</u>	
Grant draw down	(26)
<b>Net position</b>	<b>-</b>

### **Enterprise Co-ordinator Funding**

- 3.31 The Careers and Enterprise Company (CEC), established in 2015, has been charged by Government to transform the provision of careers education and advice for young people to ensure that when they leave school they are ready for the workplace. The CEC is supporting the establishment of an Enterprise Adviser and Co-ordinator Network to deliver this change by connecting schools and colleges with employers.
- 3.32 The CEC and Local Authorities are co-funding Enterprise Co-ordinators. Enterprise Co-ordinators are trained professionals who work with clusters of 20 schools and FE colleges to form a strategic link with an Enterprise Adviser per school (a senior business volunteer) to build careers plans and make connections to local and national employers.
- 3.33 Within the SELEP area the CEC funding goes directly to Kent County Council, West Kent Partnership and East Sussex County Council leading the projects within their areas, but funding to cover the three upper tier authorities across Greater Essex will come via SELEP. Again the monies will be passported directly to local areas on receipt by the Accountable Body. Claims are made retrospectively and there have been some delays to the establishment of the process that means

that no claims for academic year 2016/17 (ending 31 August 2017) were able to be made in financial year 2016/17 (ending 31 March 2017) but these claims are now being submitted.

3.34 Currently it is thought that the scheme will continue into academic year 2017/18 and the budget has been built on that basis. The grant will fund 50% of the cost of the six Enterprise Co-ordinators operating in Greater Essex. In addition to local authority match funding, the SELEP secretariat is exploring alternative sources of match for Enterprise Co-ordinators across the SELEP area for 2017/18.

3.35 The Board is asked to approve the budget for the Enterprise Co-ordinators Grant and the drawdown of £236,000

**Table 7**

<b>Enterprise Co-ordinator Funding</b>	<b>£000</b>
<u>Expenditure</u>	
Payments to ECC/Southend/Thurrock	236
<u>Income</u>	
Grant draw down	(236)
<b>Net position</b>	<b>-</b>

#### **4. Financial Implications**

4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.

4.2 The end date of Growth Hub specific funding is a significant risk. Local areas should be working up plans now for the funding of the future provision or the withdrawal of this service. Whilst the SELEP/Accountable Body does not have contracts for supply of goods and services or employment, in respect to Growth Hubs, which extend beyond the end of the funding date, the Accountable Body is aware that partners do.

4.3 Proposals developed with regard to the approach for allocating GPF to projects will need to take into account the requirements of the SELEP Assurance Framework.

#### **5. Legal Implications**

5.1 As appropriate, funding will be transferred to respective partners under a grant agreement or Service Level Agreement (SLA) with the SELEP Accountable Body.

#### **6. Staffing and other resource implications**

6.1 None at present.

#### **7. Equality and Diversity implications**

7.1 None at present.

#### **8. List of Appendices**

8.1 None.

**9. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Lorna Norris  On behalf of Margaret Lee	  17.05.2017

